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

FORM 10

GENERAL FORM FOR REGISTRATION OF SECURITIES
Pursuant to Section 12(b) or (g) of The Securities Exchange Act of 1934

Integral Technologies, Inc.

(Exact name of registrant as specified in charter)

Nevada

*(State or other jurisdiction of
incorporation or organization)*

98-0163519

*(I.R.S. Employer
Identification No.)*

2605 Eastside Park Road, Suite 1 Evansville, IN

(Address of principal executive offices)

47715

(Zip Code)

+1 (812) 550-1770

(Registrant's telephone number, including area code)

Securities to be registered pursuant to Section 12(b) of the Act:

Title of each class to be registered

**Name of each exchange on which
each class is to be registered**

Securities to be registered pursuant to Section 12(g) of the Act:

Common Stock, \$0.001 par value

(Title of class)

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

Large accelerated filer ☐
Non-accelerated filer ☒

Accelerated filer ☐
Smaller reporting company ☒
Emerging growth company ☐

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. ☐

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INFORMATION REQUIRED IN REGISTRATION STATEMENT

ITEM 1. BUSINESS.

Cautionary Note Regarding Forward Looking Statements

This Form 10 contains forward-looking statements including statements regarding the Company's implementation of its business plan and expected timelines for meeting its objectives, the need for capital to fund and grow its operations, and liquidity. Forward-looking statements can be identified by words such as "anticipates," "intends," "plans," "seeks," "believes," "estimates," "expects" and similar references to future periods. Forward-looking statements are based on our current expectations and assumptions regarding our business, the economy and other future conditions. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict. Our actual results may differ materially from those contemplated by the forward-looking statements. We caution you therefore against relying on any of these forward-looking statements. They are neither statements of historical fact nor guarantees or assurances of future performance. The results anticipated by any or all of these forward-looking statements might not occur. Important factors, uncertainties and risks that may cause actual results to differ materially from these forward-looking statements are described in Item 1A. – Risk Factors. We undertake no obligation to publicly update or revise any forward-looking statements, whether as the result of new information, future events or otherwise.

Introductory Comment

We are filing this General Form for Registration of Securities on Form 10 to register our common stock pursuant to Section 12(g) of the Securities Exchange Act of 1934 (the "Exchange Act"). Once this registration statement is deemed effective, we will be subject to the requirements of Section 13(a) under the Exchange Act, which will require us to file annual reports on Form 10-K (or any successor form), quarterly reports on Form 10-Q (or any successor form), and current reports on Form 8-K, and we will be required to comply with all other obligations of the Exchange Act applicable to issuers filing registration statements pursuant to Section 12(g) of the Exchange Act.

Company Overview

Integral Technologies, Inc. ("Integral," the "Company" or "we") was incorporated under the laws of the State of Nevada on February 12, 1996. The major commercial milestones for the company have been the signing of two, 10-year license agreements with Avient Corporation and Hanwha Advanced Materials of South Korea. The initial terms of these agreements expire in 2028 and 2023 respectively. The Company also entered into a technology and asset purchase agreement with Pivotal. Besides the minimal royalties from these license agreements, the Company currently has little operations and is evaluating a number of strategic alternatives including, but not limited to, seeking to acquire a new business in the United States, including potentially by means of a reverse merger with an operating entity. We have not generated material revenues since 2018 and does not expect to do so in the short-term.

Although we have been in discussions with potential partners or targets, we have not entered into any definitive agreements. The evaluation and selection of a business opportunity is a complex and uncertain process, and we have not yet identified a target operating business for acquisition. Business opportunities that we believe are in the best interests of the Company and its shareholders may be scarce, or we may be unable to attract the businesses we identify as viable for our objectives, including due to competitive forces in the marketplace beyond our control. The Company has engaged Ascentaur, LLC, a business consulting firm to assist in identifying prospective partners to enhance the Company's future business opportunities. There is no assurance that we will be able to locate compatible business opportunities for the Company. See Item 1A - Risk Factors.

Our Intellectual Property

We have developed an innovative, electrically, and thermally conductive resin-based material called “ElectriPlast®.” The ElectriPlast® polymer is a compounded formulation of resin-based materials that are conductively loaded, or doped, with a proprietary-controlled, balanced concentration of micron conductive materials, and then pelletized using our patented manufacturing process. The conductive loading or doping within this pellet is then homogenized using conventional molding techniques and conventional molding equipment. The end result is a product that can be molded into any of the infinite number of shapes and sizes associated with plastics, is non-corrosive, and can serve as an electrically conductive alternative material to metal. ElectriPlast® is a patented non-corrosive, durable, conductive plastic pellet that replaces the metallic component currently used for shielding and conductive devices, thus creating applications never before possible and with a 40-60% weight reduction. Various examples of applications for ElectriPlast® include antennas, EMI shielding, lighting circuitry, switch actuators, resistors, batteries, medical devices, thermal management and cable connector bodies, among many others.

Our business model was to generate revenue from license fees and/or royalty revenue stream from the use or sale of our patent portfolio and proprietary “know-how”. Our business model called for collaborating with leading resin and fiber suppliers, manufacturers, and technology innovators to manufacture ElectriPlast®, and develop new product applications for ElectriPlast®.

In addition to seeking a strategic partner, we have adjusted our business model to include selling certain intellectual property (“IP”) assets that we could not develop internally. In 2019, we sold our bipolar plate (“biplate”) technology to Pivotal Battery Corp (“Pivotal”), a company which James Eagan, our Chairman of the Board, is also the Chairman. The Company initially planned to develop the biplate technology inhouse and then commercialize either through the sale of biplates, licensing its manufacture, or through a sale of the entire technology once it had been fully developed. Due to financial limitations, in-house development proved infeasible as was continuing to fund the patent application process. The sale of the biplate technology and related IP requires Pivotal to purchase material, and under certain conditions, exclusively from the Company for 10 years for the production of the biplate, while providing certain rights to the Company to maintain its role as an exclusive supplier. The agreement includes a royalty obligation based on revenue. Since the purchase, Pivotal has obtained two patents from the patent application included in the sale and completed multiple sets of prototype batteries. As part of the sale of the biplate technology, Pivotal entered into Amendment No. 1 To Technology Asset Purchase Agreement, which includes a purchase price of \$2,000,000 and 1,500,000 shares of Pivotal common stock. To date, Pivotal has paid the Company \$422,800, which is not applied towards the purchase price but is being treated as additional consideration for the sale of the biplate technology. We believe that our remaining IP, outside the already licensed patents related to EMI shielding, especially those patents related to highly conductive end-user applications, would have material value to a number of industries and we will seek to sell these assets when the situation comes to fruition.

Competition and Market Conditions

We will face substantial competition in our efforts to identify and pursue a business partner. The primary source of competition is expected to be from other companies organized and funded for similar purposes, including small venture capital firms, blank check companies, and wealthy investors, many of which may have substantially greater financial and other resources than we do. Considering our limited financial and human resources, unless we find a partner that wants to utilize our current intellectual property, we are at a competitive disadvantage compared to many of our competitors in our efforts to obtain an operating business or assets necessary to commence our operations in a new field. Additionally, with the economic downturn caused by the coronavirus pandemic, many venture capital firms and similar firms and individuals have been seeking to acquire businesses at discounted rates, and we therefore currently face additional competition and resultant difficulty obtaining a business. We expect these conditions to persist at least until such time as the economy recovers. Further, even if we are successful in obtaining a business or assets for new operations, we expect there to be enhanced barriers to entry in the marketplace in which we decide to operate because of reduced demand and/or increased raw material costs caused by the pandemic and other economic forces that are beyond our control.

Employees

As of March 27th, 2023, we had one officer and two directors and no employees.

ITEM 1A. RISK FACTORS.

Any investment in our securities involves a high degree of risk. Investors should carefully consider the risks described below and all of the information contained in this filing before deciding whether to purchase our securities. Our business, financial condition and results of operations could be materially adversely affected by these risks if any of them actually occur. This filing also contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks we face as described below and elsewhere in this Form 10.

There is substantial doubt about our ability to continue operating as a going concern.

We have experienced losses from operations since inception and have never generated positive cash flow. The success of our business plan during the next 12 months and beyond will be contingent upon obtaining sufficient financing to cover our operating costs and growth initiatives. This is because we do not anticipate generating material revenue from operations in the short term nor being able to raise capital (prior to consummating a business combination). As of December 31, 2022, the Company had \$6,616,121 of outstanding debt, not including interest, penalties and other fees due under the notes. The reports from our independent registered public accounting firm for the fiscal year ended June 30, 2022, and prior years include an explanatory paragraph stating the Company has recurring net losses from operations, negative operating cash flows, does not yet generate revenue from operations and will need additional working capital for ongoing operations. These factors, among others, raise substantial doubt about the Company's ability to continue as a going concern. If we are unable to obtain sufficient funding and/or generate material revenue to fund our operations and business plan, our business, prospects, financial condition and results of operations will be materially and adversely affected, we may be unable to continue as a going concern in which case you in turn would lose your investment.

We currently have nominal operations, and investors therefore have no basis on which to evaluate the Company's future prospects.

We currently have nominal operations and will be reliant upon a merger with or acquisition of an operating business to commence operations and generate material revenue or raise capital in order to commercialize our intellectual property. Although we have what we believe is valuable intellectual property including our patents, because we have no ability to raise capital to commercialize those assets, we are required to seek out a target business which may utilize our intellectual property. Because we have little operations, investors have no basis upon which to evaluate our ability to achieve our business objective of locating and completing a business combination with a target business. We have no current arrangements or understandings with any prospective target business concerning a business combination and may be unable to complete a business combination in a reasonable timeframe, on reasonable terms or at all. If we fail to complete a business combination as planned, we will never generate any operating revenues.

We may face difficulties or delays in our search for a business combination, and we may not have access to sufficient capital to consummate a business combination.

We may face difficulty identifying a viable business opportunity or negotiating or paying for any resulting business combination. Economic factors that are beyond our control, including the COVID-19 pandemic and consequent economic downturn, as well as increased competition for acquisitions of operating entities that we expect to encounter as a result thereof, may hinder our efforts to locate and/or obtain a business that is suitable for our business goals at a price we can afford and on terms that will enable us to sufficiently grow our business to generate value to our shareholders. We have limited capital, and we may not be able to take advantage of any available business opportunities on favorable terms or at all due to the limited availability of capital. There can be no assurance that we will have sufficient capital to provide us with the necessary funds to successfully develop and implement our plan of operation or acquire a business we deem to be appropriate or necessary to accomplish our objectives, in which case we may be forced to terminate our business plan and your investment in the Company could become worthless.

If we are not successful in acquiring a new business and generating material revenues, investors will likely lose their investment.

If we are not successful in developing a viable business plan and acquiring a new business through which to implement it, our investors' entire investment in the Company could become worthless. Even if we are successful in combining with or acquiring the assets of an operating entity, we can provide no assurances that the Company will be able to generate significant revenue therefrom in the short-term or at all or that investors will derive a profit from their investment. If we are not successful, our investors will likely lose their entire investment.

Because we have no capital, we may need to raise additional capital in the future by issuing debt or equity securities, the terms of which may dilute our current investors and/or reduce or limit their liquidation or other rights.

We may require additional capital to acquire a business. We may not be able to obtain additional capital when required. Future business development activities, as well as administrative expenses such as salaries, insurance, general overhead, legal and compliance expenses and accounting expenses will require a substantial amount of additional capital.

The terms of securities we issue in future capital raising transactions may be more favorable to new investors, and may include liquidation preferences, superior voting rights or the issuance of other derivative securities, which could have a further dilutive effect on or subordinate the rights of our current investors. Any additional capital raised through the sale of equity securities will likely dilute the ownership percentage of our shareholders. Additionally, any debt securities we issue would likely create a liquidation preference superior that of our current investors and, if convertible into shares of common stock, would also pose the risk of dilution.

We may encounter difficulty locating and consummating a business combination, including as a result of the competitive disadvantages we have.

We expect to face intense competition in our search for a revenue-producing business to combine with or acquire. Given the current economic climate, venture capital firms, larger companies, blank check companies such as special purpose acquisition companies and other investors are purchasing operating entities or the assets thereof in high volumes and at relatively discounted prices. These parties may have greater capital or human resources than we do and/or more experience in a particular industry within which we choose to search. Most of these competitors have a certain amount of liquid cash available to take advantage of favorable market conditions for prospective business purchaser such as those caused by the recent pandemic. Any delay or inability to locate, negotiate and enter into a business combination as a result of the relative illiquidity of our current asset or other disadvantages we have relative to our competitors could cause us to lose valuable business opportunities to our competitors, which would have a material adverse effect on our business.

We may expend significant time and capital on a prospective business combination that is not ultimately consummated.

The investigation of each specific target business and any subsequent negotiation and drafting of related agreements, SEC disclosure and other documents will require substantial amounts of management's time and attention and material additional costs in connection with outsourced services from accountants, attorneys and other professionals. We will likely expend significant time and resources searching for, conducting due diligence on, and negotiating transaction terms in connection with a proposed business combination that may not ultimately come to fruition. Unanticipated issues which may be beyond our control or that of the seller of the applicable business may arise that force us to terminate discussions with a target company, such as the target's failure or inability to provide adequate documentation to assist in our investigation, a party's failure to obtain required waivers or consents to consummate the transaction as required by the inability to obtain the required audits, applicable laws, charter documents and agreements, the appearance of a competitive bid from another prospective purchaser, or the seller's inability to maintain its operations for a sufficient time to allow the transaction to close. Such risks are inherent in any search for a new business and investors should be aware of them before investing in an enterprise such as ours.

We may engage in a business combination that causes tax consequences to us and our shareholders.

Federal and state tax consequences will, in all likelihood, be a significant factor in considering any business combination that we may undertake. Under current federal law, such transactions may be subject to significant taxation to the buyer and its shareholders under applicable federal and state tax laws. While we intend to structure any business combination so as to minimize the federal and state tax consequences to the extent practicable in accordance with our business objectives, there can be no assurance that any business combination we undertake will meet the statutory or regulatory requirements of a tax-free reorganization or similar favorable treatment or that the parties to such a transaction will obtain the tax treatment intended or expected upon a transfer of equity interests or assets. A non-qualifying reorganization, combination or similar transaction could result in the imposition of significant taxation, both at the federal and state levels, which may have an adverse effect on both parties to the transaction, including our shareholders.

It is unlikely that our shareholders will be afforded any opportunity to evaluate or approve a business combination.

It is unlikely that our shareholders will be afforded the opportunity to evaluate and approve a proposed business combination. In most cases, business combinations do not require shareholder approval under applicable law, and our Articles of Incorporation and Bylaws do not afford our shareholders with the right to approve such a transaction. In order to develop and implement our business plan, we may in the future hire lawyers, accountants, technical experts, appraisers, or other consultants to assist with determining the Company's direction and consummating any transactions contemplated thereby. We may rely on such persons in making difficult decisions in connection with the Company's future business and prospects. The selection of any such persons will be made by our Board, and any expenses incurred, or decisions made based on any of the foregoing could prove to be adverse to the Company in hindsight, the result of which could be diminished value to our shareholders.

We may attempt to complete a business combination with a private target company about which little information is available, and such target entity may not generate revenue as expected or otherwise by compatible with us as expected.

In pursuing our search for a business to acquire, we will likely seek to complete a business combination with a privately held company. Very little public information generally exists about private companies, and the only information available to us prior to making a decision may be from documents and information provided directly to us by the target company in connection with the transaction. Such documents or information or the conclusions we draw therefrom could prove to be inaccurate or misleading. As such, we may be required to make our decision on whether to pursue a potential business combination based on limited, incomplete or faulty information, which may result in our subsequent operations generating less revenue than expected, which could materially harm our financial condition and results of operations.

Our ability to assess the management of a prospective target business may be limited and, as a result, we may acquire a target business whose management does not have the skills, qualifications or abilities to enable a seamless transition, which could, in turn, negatively impact our results of operations.

When evaluating the desirability of a potential business combination, our ability to assess the target business's management may be limited due to a lack of time, resources or information. Our management's assessment of the capabilities of the target's management, therefore, may prove to be incorrect and such management may lack the skills, qualifications or abilities expected. Further, in most cases the target's management may be expected to want to manage us and replace our Chief Executive Officer. Should the target's management not possess the skills, qualifications or abilities necessary to manage a public company or assist with their former entity's merger or combination into ours, the operations and profitability of the post-acquisition business may be negatively impacted, and our shareholders could suffer a reduction in the value of their shares.

Changes in laws or regulations, or a failure to comply with the laws and regulations applicable to us, may adversely affect our business, ability to negotiate and complete a business combination, and results of operations.

We are subject to laws and regulations enacted by federal, state and local governments. In addition to SEC regulations, any business we acquire in the future may be subject to substantial legal or regulatory oversight and restrictions, which could hinder our growth and expend material amounts on compliance. Compliance with, and monitoring of, applicable laws and regulations may be difficult, time consuming and costly. Those laws and regulations and their interpretation and application by courts and administrative judges may also change from time to time, and any such changes could be unfavorable to us and could have a material adverse effect on our business, investments and results of operations. In addition, a failure to comply with applicable laws or regulations, as interpreted and applied, could result in material defense or remedial costs and/or damages have a material adverse effect on our financial condition.

Due to factors beyond our control, our stock price will be volatile.

There is currently no market for our common stock, and there can be no guarantee that an active market for our common stock will develop once we begin trading, even if we are successful in consummating a business combination. Further, even if an active market for our common stock develops, it will likely be subject to significant price volatility when compared to more seasoned issuers. We expect that the price of our common stock will be more volatile than more seasoned issuers for the foreseeable future. Fluctuations in the price of our common stock can be based on various factors in addition to those otherwise described in this Form 10, including:

- A prospective business combination and the terms and conditions thereof;
- The operating performance of any business we acquire, including any failure to achieve material revenues therefrom;
- The performance of our competitors in the marketplace, both pre- and post-combination;
- The public's reaction to our press releases, SEC filings, website content and other public announcements and information;

- Changes in earnings estimates of any business that we acquire or recommendations by any research analysts who may follow us or other companies in the industry of a business that we acquire;
- Variations in general economic conditions, including as may be caused by uncontrollable events such as the COVID-19 pandemic and the resulting decline in the economy;
- The public disclosure of the terms of any financing we disclose in the future;
- The number of shares of our common stock that are publicly traded in the future; and
- Actions of our existing shareholders, including sales of common stock by our then directors and then executive officers or by significant investors and debt holders.

Many of these factors are beyond our control and may decrease the market price of our common stock, regardless of whether we can consummate a business combination and of our current or subsequent operating performance and financial condition. In the past, following periods of volatility in the market price of a company's securities, securities class action litigation has often been instituted. A securities class action suit against us could result in substantial costs and divert our management's time and attention, which would otherwise be used to benefit our business.

Future issuance of our common stock could dilute the interests of our existing shareholders, particularly in connection with an acquisition and any resulting financing.

We may issue additional shares of our common stock in the future. The issuance of a substantial amount of our common stock could substantially dilute the interests of our shareholders. In addition, the sale of a substantial amount of common stock in the public market, either in the initial issuance or in a subsequent resale by the target company in a business combination which received our common stock as consideration or by investors who has previously acquired such common stock could have an adverse effect on the market price of our common stock.

Our registration under the Securities Exchange Act of 1934 could be revoked by the Securities and Exchange Commission if we fail to file required reports.

Even if we are successful in registering our common stock with the Securities and Exchange Commission (the "SEC") on this registration statement on Form 10, if we fail to file reports as required under the Exchange Act, we may lose our registration. While we intend to comply with the Exchange Act's reporting requirements moving forward, and we may be unable to comply in the future as we did in the past. For example, in 2021, the SEC revoked our registration under the Act for failure to file required reports.

If we are unable to comply with the SEC reporting provisions in the future, such failure will affect the liquidity of our common stock and act as a depressant to the price. We cannot assure you we will not become delinquent again.

Due to recent changes to Rule 15c2-11 under the Exchange Act, our common stock may become subject to limitations or reductions on stock price, liquidity or volume.

On September 16, 2020, the SEC adopted amendments to Rule 15c2-11 under the Exchange Act. This Rule applies to broker-dealers who quote securities listed on over-the-counter markets such as our common stock. The Rule as amended prohibits broker-dealers from publishing quotations on OTC markets for an issuer's securities unless they are based on current publicly available information about the issuer. When it becomes effective, the amended Rule will also limit the Rule's "piggyback" exception, which allows broker-dealers to publish quotations for a security in reliance on the quotations of a broker-dealer that initially performed the information review required by the Rule, to issuers with current publicly available information or issuers that are up to date in their Exchange Act reports. As of this date, we are uncertain as to what actual effect the Rule may have on us.

The Rule changes could harm the liquidity and/or market price of our common stock by either preventing our shares from being quoted or driving up our costs of compliance.

We are subject to the “penny stock” rules which will adversely affect the liquidity of our common stock.

The SEC has adopted regulations which generally define “penny stock” to be an equity security that has a market price of less than \$5.00 per share, subject to specific exemptions. We do not expect our stock price to be above \$5.00 in the foreseeable future. The “penny stock” designation will require any broker-dealer selling our securities to disclose certain information concerning the transaction, obtain a written agreement from the purchaser and determine that the purchaser is reasonably suitable to purchase the securities. These rules will limit the ability of broker-dealers to solicit purchases of our common stock and therefore reduce the liquidity of the public market for our shares.

Broker-dealers are increasingly reluctant to permit investors to buy or sell speculative unlisted stock and often impose costs which make it uneconomical for small shareholders to do so. Moreover, as a result of apparent regulatory pressure from the SEC and the Financial Industry Regulatory Authority (“FINRA”), a growing number of broker-dealers decline to permit investors to purchase and sell or otherwise make it difficult to sell shares of penny stocks. The “penny stock” designation may have a depressive effect upon our common stock price once we are trading.

ITEM 2. FINANCIAL INFORMATION.

Management's Discussion and Analysis of Financial Condition and Results of Operations

Certain statements in “Management’s Discussion and Analysis and Plan of Financial Condition and Results of Operations” are forward-looking statements that involve risks and uncertainties. Words such as may, will, should, would, anticipates, expects, intends, plans, believes, seeks, estimates and similar expressions identify such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect management’s analysis only as of the date hereof. You should read the following discussion in conjunction with our financial statements, which are included elsewhere in this Form 10. We assume no obligation to update these forward-looking statements to reflect actual results or changes in factors or assumptions affecting forward-looking statements. Our actual results could differ materially from those discussed in the forward-looking statements. See “Cautionary Note Regarding Forward Looking Statements” and “Summary of Risk Factors” contained in the forepart of this Form 10 for more information.

Overview

Our contemplated business plan is to find a partner or acquisition target to merge with who will utilize our intellectual property. As of this filing, we have not entered into any agreements with any such partner or acquisition targets.

Significant Accounting Policies and Recent Accounting Pronouncements

Please see the notes to our Financial Statements for information about our Significant Accounting Policies and Recent Accounting Pronouncements.

Results of Operations

The following discussion should be read in conjunction with the financial statements and notes thereto included elsewhere in this report.

Fiscal Year Ended June 30, 2022, Compared to the Fiscal Year Ended June 30, 2021.

During the year ended June 30, 2022, the Company’s operating activities increased / decreased compared to the prior year ended June 30, 2021, primarily as a result of the following:

- Revenue decreased by \$74,786 due to the reduction in the amount received and recognized pursuant to the technology and asset purchase agreement with Pivotal;
- Selling, general and administrative increased by \$108,210 pursuant to professional fees incurred to complete an audit and file its form 10 to remove the Company’s trading suspension;
- Interest expense increased by \$185,819 due to an increase in the amount of compounding debt held by the Company;

Six Months ended December 31, 2022, compared to the Six Months Ended December 31, 2021.

During the six months ended December 31, 2022, the Company’s operating activities increased / decreased compared to the prior six months ended December 31, 2021, primarily as a result of the following:

- Selling, general and administrative increased by \$23,121 pursuant to professional fees incurred to complete an audit and file its form 10 to remove the Company’s trading suspension;
- Interest expense increased by \$136,312 due to an increase in the amount of compounding debt held by the Company;

Liquidity and Capital Resources

We have approximately \$2,000 in available cash as of March 27, 2023, and for the past two years we have been relying on loans from our current investors. We currently have \$6,616,121 in outstanding debt, most of which is in default. As reflected in the Financial Statements contained elsewhere in this Form 10, management has expressed substantial doubt about our ability to continue as a going concern during the fiscal year ended June 30, 2022 and the six months ended December 31, 2022, unless we can raise the required capital or generate material revenue to fund our operations. We do not believe that we will be able to raise any capital until such time as we conduct a business combination.

Net Cash used by Operating Activities:

During the year ended June 30, 2022, the Company used \$66,091 in operating activities (June 30, 2021 – \$9,612), with most activities focused on completing the audit and the filing of its form 10.

During the six months ended December 31, 2022, the Company used \$41,038 in operating activities (December 31, 2021 – \$37,465), with most activities focused on completing the audit and the filing of its form 10.

Cash Used in Investing Activities:

There were no investing activities during the years ended June 30, 2022, or 2021.

There were no investing activities during the six months ended December 31, 2022, or 2021.

Cash Flows from Financing Activities:

During the year ended June 30, 2022, the Company raised \$100,000 (June 30, 2021 - \$50,000) in debt financing and repaid \$20,700 (June 30, 2021 – \$27,600) of debt.

During the six months ended December 31, 2022, the Company raised \$23,00 in debt financing and repaid \$6,900 of debt. During the six months ended December 31, 2021, the Company raised \$40,000 in debt financing.

ITEM 3. PROPERTIES.

We do not own any real property and do not pay for office space.

ITEM 4. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT.

The following table sets forth the number of shares of Integral's voting stock beneficially owned as of March 27, 2023 by (i) those persons known by Integral to be owners of more than 5% of Integral's common stock, (ii) each director of Integral, (iii) all Named Executive Officers (as defined in Item 6), and (iv) all executive officers and directors of Integral as a group:

Title of Class	Name and Address of Beneficial Owner	Amount and Nature of Beneficial Owner (1)	Percent of Voting Power (1)
Directors and Executive Officers:			
Common Stock	Doug Bathauer (2)(3)	243,823	*
Common Stock	James Eagan (2)(3)	1,556,250	*
Common Stock	All executive officers and directors as a group (2 persons)	1,800,073	*
Common Stock	SBI Investments LLC, 2014-1	24,367,404	9.99%
Common Stock	Oasis Capital, LLC	24,367,404	9.99%

* Less than 1%

- (1) Represents voting power. Applicable percentages are based on 246,135,391 shares of common stock, beneficial ownership is determined under the rules of the SEC and generally includes voting or investment power with respect to securities. Shares of common stock subject to options, warrants and convertible notes currently exercisable or convertible, or exercisable or convertible within 60 days are deemed outstanding for computing the percentage of the person holding such securities but are not deemed outstanding for computing the percentage of any other person. It does not include options held by our management, which are subject to performance standards. Unless otherwise indicated in the footnotes to this table, Integral believes that each of the shareholders named in the table has sole voting and investment power with respect to the shares indicated as beneficially owned by them.
- (2) A director.
- (3) An executive officer of the Company or its wholly-owned subsidiary.
- (4) Mr. Jonathan Juchno is the managing partner of the reporting person. Address is: 1111 Brickell Avenue, Suite 2920, Miami, FL 33131. The beneficial ownership of the reporting person is limited to 9.99% of the Company's outstanding securities as a result of conversion and/or exercise blockers in its notes and warrants.
- (5) Mr. Adam Long is the managing partner of the reporting person. Address is: 208 Ponce de Leon Ave, Suite 1600, San Juan, PR 00918. The beneficial ownership of the reporting person is limited to 9.99% of the Company's outstanding securities as a result of conversion and/or exercise blockers in its notes and warrants.

ITEM 5. DIRECTORS AND EXECUTIVE OFFICERS.

The following is a list of our directors and executive officers. All directors serve one-year terms or until each of their successors are duly qualified and elected. The officers are elected by the board of directors.

Name	Age	Position(s)
Doug Bathauer	57	Chief Executive Officer, President, Treasurer and Director
James Eagan	59	Chairman of the Board of Directors

James Eagan. Mr. Eagan has been our Chairman of the Board since November 2012, and on January 23, 2014, he was appointed Chief Executive Officer of ElectriPlast Corporation, our wholly-owned subsidiary. Since March 2019, Mr. Eagan has also been the Chairman and a director and since September 2019 a consultant to Pivotal Battery Corp., the purchaser of our bipolar plate technology.

Doug Bathauer. In November 2012, Mr. Bathauer was appointed to a director and Chief Executive Officer of the Company.

Family Relationships

There are no family relationships among our directors or officers.

Director Independence

Our Board has determined that neither director is independent under the Nasdaq Stock Market listing rules.

Committees of the Board of Directors

Our Company has a Board of Directors that is currently comprised of two members. Each director holds office until the next annual meeting of shareholders or until a successor is elected or appointed.

Our Board of Directors do not currently have any committees. The Board of Directors selects our independent public accountant, establishes procedures for monitoring and submitting information or complaints related to accounting, internal controls or auditing matters, engages outside advisors, and makes decisions related to funding the outside auditory and non-auditory advisors.

Code of Ethics

On September 20, 2004, the Board of Directors established a written code of ethics that applies to each of our senior executive officers. A copy of that code is available on our corporate website at <http://www.itkg.com>. A copy of our Code of Business Conduct and Ethics will also be provided free of charge upon request to: CEO, Integral Technologies Inc. 2605 Eastside Park Road, Suite 1 Evansville, IN 47715.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 requires our Company's officers and directors, and persons who own more than 10% of a registered class of our Company's equity securities, to file reports of ownership and changes in ownership with the Securities and Exchange Commission ("SEC"). Officers, directors, and greater than 10% shareholders are required by SEC regulations to furnish us with copies of all Section 16(a) forms they file. Based solely on our review of copies of such reports received or written representations from certain reporting persons, we believe that, during the year ended June 30, 2022, all Section 16(a) filing requirements applicable to our officers, directors and ten percent shareholders were timely complied with by such persons.

Shareholder Communications

Although we do not have a formal policy regarding communications with the Board, shareholders may communicate with the Board by writing to us at Integral Technologies, Inc., 2605 Eastside Park Road, Suite 1 Evansville, IN 47715. Shareholders who would like their submission directed to a member of the Board may so specify, and the communication will be forwarded, as appropriate.

ITEM 6. EXECUTIVE COMPENSATION.

Summary Compensation Table

The following table sets forth all compensation, including bonuses, stock option awards and other payments, paid or accrued by Integral and/or its subsidiaries, to or for Integral's principal executive officer and two other highest paid executive officers whose total annual salary and bonus exceeded \$100,000 (collectively, the "Named Executive Officers"), during the fiscal years ended June 30, 2022, and 2021.

Name and Principal Position	Fiscal Year Ended June 30	Salary \$	Bonus \$	Stock Awards \$	Options Awards \$	Non-Equity Incentive Plan Compensation \$	Nonqualified Deferred Compensation Earnings \$	All Other Compensation \$	Total \$
James Eagan Chairman, Director and CEO of wholly owned subsidiary ElectriPlast Corp.	2022	75,000	-	-	-	-	-	1,000	76,000
	2021	75,000	-	-	-	-	-	1,000	76,000
Doug Bathauer CEO, Treasurer, Director	2022	75,000	-	-	-	-	-	1,000	76,000
	2021	75,000	-	-	-	-	-	1,000	76,000

Mr. Eagan and Mr. Bathauer are each compensated \$75,000 per year under oral agreements. As of December 31, 2022, Messrs. Eagan and Bathauer had accrued \$462,773 and \$437,500, respectively, in unpaid compensation.

Director Compensation

The directors of the Company have not received any compensation paid, distributed nor accrued from the Company for the last two fiscal years.

ITEM 7. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE.

Our Board of Directors is comprised of two members, Doug Bathauer and James Eagan, and both also serve as executive officers of the Company.

On September 9, 2019, the Company entered into a Technology Asset Purchase Agreement (the "Agreement") with Pivotal Battery Corp. ("Pivotal"), a Delaware corporation, completing the sale of our bipolar plate technology, including U.S. Patent Applications Nos. 14/822,315 (Bipolar Plate and Method of Making and Using Same) and 16/236,533 (Method of Making Bipolar Plate), which includes our entire right, title and interest in such Patent Applications and the rights to the related Pending Patents. The sale includes, but is not limited to, all of the Company's trade secrets, know-how, confidential or proprietary information, shop rights, technical data, technology licenses, concepts, drawings, schematics, prototypes, improvements, enhancements, upgrades, materials, works of authorship, derivative, and derivative works related to the patent applications and pending patents for the bipolar plate. The total purchase price for the technology was \$2,000,000, with the initial payment of \$200,000 and the balance of \$1,800,000 paid through a convertible secured promissory note (the "Note") due over a two-year period at an interest rate of 7% per annum. The Company was also to receive 1,500,000 shares of Pivotal's common stock. Those shares have never been issued to the Company. The outstanding principal amount of the Note was to be payable as follows:

- 1) \$125,000 by or before December 31, 2019;
- 2) \$175,000 by or before March 31, 2020;
- 3) \$225,000 by or before June 30, 2020;
- 4) \$225,000 by or before September 30, 2020;
- 5) \$250,000 by or before December 31, 2020;
- 6) \$250,000 by or before March 31, 2021;
- 7) \$275,000 by or before June 30, 2021; and
- 8) \$275,000 by or before September 30, 2021 and all accrued and unpaid interest

James Eagan, the Company's Chairman of the Board, was Pivotal's Chairman of the Board at the time of execution of the Agreement and remains the Chairman as of the filing of this Form 10. Mr. Eagan was also engaged by Pivotal to serve as a consultant in September 2019.

Up until the recent amendment to the Note (see below), Pivotal was in default under the Note for, amongst other defaults, failure to timely make repayments. Since the entrance into the Agreement, Pivotal made payments totaling \$422,800 to Integral. During this time, Integral made payments to Mr. Eagan of \$314,705 towards his compensation payable. Additionally, Mr. Eagan has made loans to Pivotal in the amount of \$141,000 of which approximately \$120,000 of principal and \$nil of interest has been repaid.

Effective June 30, 2022, the Company and Pivotal, amended the Agreement and the Note to provide for the following:

1. During the development phase of the Bipolar Plate, the payments under the Note would be \$15,000 on December 31, 2022 (paid), and \$25,000 every six months thereafter.
2. Upon commercialization of the Biplate (\$500,000 in revenue in any fiscal quarter or \$1,000,000 in any year), Pivotal would pay \$250,000 per year, payable in \$125,000 increments due on June 30th and December 31st until paid in full.
3. Except as described below, the amounts due under the Note would be required to be paid no later than December 31, 2027.
4. If there is a change of control of the Company (50% or more), then all payments under the Note would be deferred until December 31, 2027.

Please refer to Exhibit 10.2 for further information on the amendment to the Agreement and the Note.

Since October 2020, SBI Investments, LLC 2014-1 ("SBI") and Oasis Capital LLC, each who we believe are 5% owners, have lent the Company a total of \$183,000. The promissory notes: (i) are not convertible, (ii) were or are each due 10 months from the issuance dates and (iii) pay 8% interest per annum on the maturity date. The issuance dates of the notes are as follows: (i) October 27, 2020 - \$25,000 note, (ii) August 23, 2021 - \$20,000 note, (iii) March 4, 2022 - \$30,000 note, and (iv) December 12, 2022 - \$23,000 note (invested only by SBI). Other than the most recent note issued to SBI, the Company is in default of convertible notes previously issued to these 5% owners.

ITEM 8. LEGAL PROCEEDINGS.

From time to time, we may become involved in various lawsuits and legal proceedings, which arise in the ordinary course of business. However, litigation is subject to inherent uncertainties, and an adverse result in these or other matters may arise from time to time that may harm business. We currently have legal proceedings or claims from unpaid bills that may not likely have, individually or in the aggregate, a material adverse effect on business, financial condition or operating results.

ITEM 9. MARKET PRICE OF AND DIVIDENDS ON THE REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS.

Market Information

Because our common stock is not listed on a securities exchange and its quotations on OTC Pink were halted on March 25, 2021, there is currently no established public trading market for our common stock.

Holders

As of December 31, 2022, there were approximately 290 holders, of record of our common stock (this number does not include beneficial owners who hold shares at broker/dealers in "street-name").

Dividends

As of December 31, 2022, the Company has accrued \$40,244 in dividends on its preferred stock. Payment of any dividends will be dependent upon future earnings, if any, our financial condition, and other factors as deemed relevant by our Board of Directors.

Repurchases of equity securities

We did not repurchase any of our outstanding equity securities during the year ended June 30, 2022 and the six months ended December 31, 2022.

Shares Eligible for Future Sale

All of the outstanding shares of common stock of the Company are restricted securities and cannot be sold under Rule 144 until 12 months have passed since this Form 10 is effective and the other requirements of Rule 144(i)(1)(ii) have been satisfied, including the Company being current in its SEC periodic reporting obligations.

In general, Rule 144 provides that any non-affiliate of the Company, who has held restricted common stock for at least 12-months, is entitled to sell their restricted stock freely, provided that the Company stays current in its SEC filings.

An officer, director or other person in control of the Company may sell after 12 months with the following restrictions: (i) the Company is current in its SEC filings, (ii) certain manner of sale provisions, (iii) the filing of a Form 144, and (iv) volume limitations limiting the sale of shares within any three-month period to a number of shares that does not exceed 1% of the total number of outstanding shares. A person who has ceased to be an affiliate at least three months immediately preceding the applicable sale and who has owned such shares of common stock for at least one year may sell the shares under Rule 144 without regard to any of the limitations described above.

Such shares may be sold outside of the United States. Further, such shares may be sold to purchasers in the United States under Section 4(a)(1) of the Securities Act if paid for more than two years ago and if the seller is not an affiliate of the Company. However, some broker-dealers and transfer agents will not accept legal opinion relying on Section 4(a)(1).

ITEM 10. RECENT SALES OF UNREGISTERED SECURITIES.

There have been no sales of shares in the last three years.

ITEM 11. DESCRIPTION OF REGISTRANT'S SECURITIES TO BE REGISTERED.

We are authorized to issue up to 250,000,000 shares of common stock, par value \$0.001 per share, and 20,000,000 shares of preferred stock, par value \$0.001 per share. As of December 31, 2022, 246,135,391 shares of common stock were issued and outstanding.

Common Stock

The holders of common stock are entitled to one vote per share on all matters submitted to a vote of shareholders, including the election of directors. There is no cumulative voting in the election of directors. The holders of common stock are entitled to any dividends that may be declared by the board of directors out of funds legally available for payment of dividends subject to the prior rights of holders of preferred stock and any contractual restrictions we have against the payment of dividends on common stock. In the event of our liquidation or dissolution, holders of common stock are entitled to share ratably in all assets remaining after payment of liabilities and the liquidation preferences of any outstanding shares of preferred stock. Holders of common stock have no preemptive rights and have no right to convert their common stock into any other securities.

Preferred Stock

We are authorized to issue 20,000,000 shares of \$0.001 par value preferred stock in one or more series with such designations, voting powers, if any, preferences and relative, participating, optional or other special rights, and such qualifications, limitations and restrictions, as are determined by resolution of our Board of Directors. The issuance of preferred stock may have the effect of delaying, deferring or preventing a change in control of the Company without further action by shareholders and could adversely affect the rights and powers, including voting rights, of the holders of common stock. In certain circumstances, the issuance of preferred stock could depress the market price of the common stock.

The number of shares of Series B preferred stock is fixed at 1,000 shares, par value \$0.001 per share. The Series B Preferred Stock ranks senior to all classes or series of capital stock of the Company now in existence with respect to the distributions upon liquidation, winding up or dissolution of the Company. The holders of the issued and outstanding shares of Series B Preferred Stock shall have no voting rights. As of June 30, 2022, 42 shares of Series B preferred stock were issued and outstanding.

ITEM 12. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

Our certificate of incorporation provides that none of our directors will be personally liable to us or our shareholders for monetary damages for breach of fiduciary duty as a director, except for liability:

- For any breach of the director's duty of loyalty to us or our shareholders;
- For acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of the law;
- Under Section NRS 78.751 of the Nevada Revised Statutes for the unlawful payment of dividends; or
- For any transaction from which the director derives an improper personal benefit.

These provisions eliminate our rights and those of our shareholders to recover monetary damages from a director for breach of his fiduciary duty of care as a director except in the situations described above. The limitations summarized above, however, do not affect our ability or that of our shareholders to seek non-monetary remedies, such as an injunction or rescission against a director for breach of his fiduciary duty.

Section NRS 78.751 of the Nevada Revised Statutes provides a corporation with the power to indemnify any officer or director acting in his capacity as our representative who is or is threatened to be made a party to any lawsuit or other proceeding for expenses, judgment and amounts paid in settlement in connection with such lawsuit or proceeding. The indemnity provisions apply whether the action was instituted by a third party or was filed by one of our shareholders. The Nevada Revised Statutes provides that Section NRS 78.751 is not exclusive of other rights to which those seeking indemnification may be entitled under any bylaw, agreement, vote of shareholders or disinterested directors or otherwise. We have provided for this indemnification in our Certificate of Incorporation because we believe that it is important to attract qualified directors and officers law, subject to one limitation described in the next sentence. We have further provided in our Certificate of Incorporation that no indemnification shall be available, whether pursuant to our Certificate of Incorporation or otherwise, arising from any lawsuit or proceeding in which we assert a direct claim, as opposed to a shareholders' derivative action, against any directors and officers. This limitation is designed to ensure that if we sue a director or officer we do not have to pay for his defense.

We have been advised that the SEC believes it is against public policy for us to indemnify our directors and officers for violations of the Securities Act and the Exchange Act. Accordingly, we have agreed that unless our attorneys advise us that the courts have ultimately decided whether the SEC is correct, we will let a court determine whether we can indemnify our directors and officers under such laws.

ITEM 13. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

See pages F-1– F-20.

ITEM 14. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

None.

ITEM 15. FINANCIAL STATEMENTS AND EXHIBITS.

- (a) Audited consolidated financial statements for the years ended June 30, 2022, and June 30, 2021.
- (b) Consolidated financial statements for the six months ended December 31, 2022.

(c) Exhibit table.

Exhibit No.	Exhibit Description	Incorporated by Reference			Filed or Furnished Herewith
		Form	Date	Number	
3.1	Articles of Incorporation, as amended and currently in effect	10-QSB	3/31/06	3.03	
3.1(a)	Certificate of Designation of the Rights, Preferences and Privileges of Series B Convertible Preferred Stock	8-K	12/4/18	3.1	
3.2	Bylaws, as amended and restated on December 31, 1997	10-QSB	3/31/06	3.04	
10.1	Technology Asset Purchase Agreement dated September 9, 2019	8-K	9/11/19	10.1	
10.2	Amendment No. 1 To Technology Asset Purchase Agreement				Filed
10.3	Form of Promissory Note and Security Agreement – SBI and Oasis				Filed
10.4	Form of Convertible Promissory Note dated May 12, 2017 – SBI				Filed
10.5	Form of Convertible Promissory Note dated May 18, 2017 – Oasis	8-K	6/8/17	10.2	
10.6	Form of Securities Purchase Agreement dated May 18, 2017 – Oasis	8-K	6/8/17	10.1	
10.7	Promissory Note dated February 21, 2019				Filed
10.8	Convertible Promissory Note – MJM Financial				Filed
10.9	Convertible note modification – SBI				Filed
10.10	Convertible note modification – Oasis				Filed
10.11	Professional Services Agreement - Ascentaur				Filed
10.12	Amendment No. 1 to Professional Services Agreement - Ascentaur				Filed
10.13	Amendment No. 2 to Professional Services Agreement - Ascentaur				Filed
21.1	List of Subsidiaries				Filed

Copies of this Form 10 (including the financial statements) and any of the exhibits referred to above will be furnished at no cost to our shareholders who make a written request to our Corporate Secretary at Integral Technologies, Inc., 2605 Eastside Park Road, Suite 1 Evansville, IN 47715.

SIGNATURES

Pursuant to the requirements of Section 12 of the Act, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized.

Integral Technologies, Inc.

Date: March 27, 2023

By: /s/ Doug Bathauer
Doug Bathauer
Chief Executive Officer



DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and the board of directors of Integral Technologies Inc.

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Integral Technologies Inc. (the “Company”) as of June 30, 2022 and 2021, the related consolidated statements of operations, stockholders’ deficit and cash flows, for the years then ended, and the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of June 30, 2022 and 2021, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Going Concern

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 3 to the financial statements, the Company has incurred losses in developing its business, and further losses are anticipated. The Company requires additional funds to meet its obligations and the costs of its operations. These factors raise substantial doubt about the Company’s ability to continue as a going concern. Management’s plans in this regard are described in Note 3. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting in accordance with the standards of the PCAOB. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion in accordance with the standards of the PCAOB.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

Critical audit matters are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that (1) relate to accounts or disclosures that are material to the financial statements and (2) involved especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Embedded Conversion Features

Critical Audit Matter Description

As discussed in Note 10 of the financial statements, the Company has numerous convertible debentures from prior years with conversion rates that are determined by the closing bid price based on a given number of trading dates preceding the conversion date. This and other factors require the embedded conversion feature to be bifurcated and the fair value of the feature to be remeasured at each reporting period. Calculations and accounting for convertible debentures and embedded conversion features require management’s judgements related to initial and subsequent recognition of the debt and related conversion features, use of a valuation model, and determination of the appropriate inputs used in the selected valuation model.

Critical Audit Matter Determination

The embedded conversion features and resulting derivative liability is a highly complex area of accounting with significant impact on the liabilities, additional paid in capital and statement of operations of the Company. It takes a high degree of training to understand and recognize the accounting implications of the conversion features and to understand the assumptions and impact of the specific assumptions on the valuation model used in the calculation of the derivative liability.

Critical Audit Matter Audit Procedures

Our audit procedures related to evaluating the Company's accounting for convertible debentures with embedded conversion feature, were as follows:

- We inspected the convertible debenture agreements, identified the embedded conversion feature, confirmed the amount of outstanding debt, and recalculated the accrued interest.
- We assessed the assessments of the accounting treatment of the derivative liabilities
- We evaluated the appropriateness of the significant assumptions used in the estimation of the derivative liabilities at the balance sheet date and related accounting entries.
- We performed independent calculations on a test basis of specific derivatives to evaluate the model used in calculating the derivatives at various measurement dates.

Warrant Liability

Critical Audit Matter Description

The Company has common stock warrants issued from prior years with exercise prices that are determined by the closing bid price based on a given number of trading dates preceding the conversion date. This and other factors require the warrant to be accounted for as a derivative liability at fair value and the fair value of the feature to be remeasured at each reporting period. Calculations and accounting for warrants require management's judgements related to initial and subsequent recognition of the warrants, use of a valuation model, and determination of the appropriate inputs used in the selected valuation model.

Critical Audit Matter Determination

The warrants and corresponding derivative liability is a highly complex area of accounting with significant impact on the liabilities, and statement of operations of the Company. It takes a high degree of training to understand and recognize the accounting implications of the warrant and to understand the assumptions and impact of the specific assumptions on the valuation model used in the calculation of the derivative liability.

Critical Audit Matter Audit Procedures

Our audit procedures related to evaluating the Company's accounting for the warrant liability, were as follows:

- We inspected the convertible debenture agreements and warrant certificates, assessed the assessment of the accounting treatment of the warrants, and recalculated the fair value of the warrants.
- We evaluated the appropriateness of the significant assumptions used to calculate the derivative liability at the balance sheet date and related accounting entries.
- We performed independent calculations on a test basis of specific derivatives to evaluate the model used in calculating the derivatives at various measurement dates.

/s/ DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

We have served as the Company's auditor since 2017
Vancouver, Canada
March 23, 2023



Integral Technologies, Inc.
Consolidated Balance Sheets

	June 30, 2022	June 30, 2021
ASSETS		
<u>Current assets:</u>		
Cash	\$ 31,983	\$ 18,774
Total assets	<u>\$ 31,983</u>	<u>\$ 18,774</u>
LIABILITIES AND STOCKHOLDERS' DEFICIT		
<u>Current Liabilities:</u>		
Accounts payable and accrued expenses	\$ 1,348,727	\$ 1,226,792
Related party payable	830,273	698,573
Dividend payable	38,305	31,885
Loans payable	910,861	743,273
Mandatorily redeemable preferred stock	105,000	103,350
Convertible debentures	5,020,804	4,057,681
Total liabilities	<u>8,253,970</u>	<u>6,861,554</u>
<u>Stockholders' deficit:</u>		
Common stock and paid in capital in excess of \$0.001 par value, 250,000,000 shares authorized, 246,135,391 (June 30, 2021 – 246,135,391) issued and outstanding	61,457,574	61,457,574
Preferred stock and paid-in capital in excess of \$0.001 par value, 20,000,000 shares authorized, 42 (June 30, 2021 - 42) issued and outstanding	-	-
Share subscriptions and obligations to issue shares	61,250	61,250
Accumulated deficit	(69,740,811)	(68,361,604)
Total stockholders' deficit	<u>(8,221,987)</u>	<u>(6,842,780)</u>
TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIT	<u>\$ 31,983</u>	<u>18,774</u>

The accompanying notes are an integral part of the consolidated financial statements.

Integral Technologies, Inc.
Consolidated Statements of Operations
Years ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Revenue	<u>\$ 39,900</u>	<u>\$ 114,686</u>
Operating expenses:		
Selling, general, and administrative expenses	359,789	251,579
Total operating expenses	<u>(359,789)</u>	<u>(251,579)</u>
Accretion expense	(1,650)	(3,564)
Interest expense	(1,057,668)	(871,849)
Net Loss	<u>\$ (1,379,207)</u>	<u>\$ (1,012,306)</u>
Net loss per share— basic and diluted	<u>\$ (0.01)</u>	<u>\$ (0.00)</u>
Weighted average number of common shares outstanding	<u>246,135,391</u>	<u>246,135,391</u>

The accompanying notes are an integral part of the consolidated financial statements.

Integral Technologies, Inc.
Consolidated Statements of Stockholders' Deficit

	Number of Shares of Common Stock Issued	Common Stock and Paid-in Capital in Excess of Par	Number of Shares of Preferred Stock Issued	Preferred Stock and Paid-in Capital in Excess of Par	Shares Subscriptions and Obligations to Issue Shares	Accumulated Other Comprehensive Income	Accumulated Deficit	Total Stockholders' Deficit
Balance June 30, 2020	<u>246,135,391</u>	<u>\$ 61,457,574</u>	<u>42</u>	<u>\$ -</u>	<u>\$ 61,250</u>	<u>\$ -</u>	<u>\$ (67,349,298)</u>	<u>\$ (5,830,474)</u>
Net loss for year	-	-	-	-	-	-	(1,012,306)	(1,012,306)
Balance June 30, 2021	<u>246,135,391</u>	<u>\$ 61,457,574</u>	<u>42</u>	<u>\$ -</u>	<u>\$ 61,250</u>	<u>\$ -</u>	<u>\$ (68,361,604)</u>	<u>\$ (6,842,780)</u>
Net loss for year	-	-	-	-	-	-	(1,379,207)	(1,379,207)
Balance June 30, 2022	<u>246,135,391</u>	<u>\$ 61,457,574</u>	<u>42</u>	<u>\$ -</u>	<u>\$ 61,250</u>	<u>\$ -</u>	<u>\$ (69,740,811)</u>	<u>\$ (8,221,987)</u>

The accompanying notes are an integral part of the consolidated financial statements.

Integral Technologies, Inc.
Consolidated Statements of Cash Flows
Years ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Net loss	\$ (1,379,207)	\$ (1,012,306)
Items not involving cash		
Accretion interest	1,650	3,564
Interest on convertible debentures	963,123	775,602
Interest on debt	88,125	82,707
Interest on mandatorily redeemable preferred stock	6,420	13,540
Changes in working capital:		
Accounts payable and accrued liabilities	122,098	56,703
Related party payable	131,700	70,578
Net cash used in operating activities	<u>(66,091)</u>	<u>(9,612)</u>
Cash flows from financing activities:		
Proceeds from loans	100,000	50,000
Repayment of loans	(20,700)	(27,600)
Net cash provided by financing activities	<u>79,300</u>	<u>22,400</u>
Increase in cash	13,209	12,788
Cash, beginning of year	18,774	5,986
Cash, end of year	<u>\$ 31,983</u>	<u>\$ 18,774</u>
Supplemental cash flow information:		
Interest paid	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of the consolidated financial statements.

Integral Technologies, Inc.
Notes to the Consolidated Financial Statements

NOTE 1 - NATURE OF OPERATIONS

Integral Technologies, Inc. (the “Company” or “Integral”) was incorporated under the laws of the state of Nevada on February 12, 1996, and has recently relocated its head office to Evansville, Indiana, USA. The Company is in the business of researching, developing and commercializing new electrically-conductive resin-based materials called ElectriPlast.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States (“US GAAP”) and are presented in United States dollars.

Principles of consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Electriplast Corp. (formerly Plastenna, Inc.) (“Electriplast”). All intercompany balances and transactions have been eliminated.

Basic and diluted net loss per share

Basic net loss per common share is computed by dividing the net loss attributable to common stockholders by the weighted-average number of common shares outstanding during the year. Diluted net loss per common share is computed by dividing the net loss by the weighted-average number of common shares and dilutive common share equivalents outstanding during the period. Because the Company has reported a net loss for all years presented, diluted net loss per common share is the same as basic net loss per common share for those years.

Stock issued in exchange for services

The valuation of common stock issued in exchange for services to non-employees is valued at an estimated fair market value of the Company’s stock price based upon trading, sales and other issuances of the Company’s common stock. Stock-based compensation expense related to awards to non-employees is recognized based on the then-current fair value at each measurement date over the associated service period of the award, which is generally the vesting term, using the accelerated attribution method. The fair value of non-employee stock options is estimated using the Black-Scholes valuation model with assumptions generally consistent with those used for employee stock options, with the exception of the expected term, which is the remaining contractual life at each measurement date. Restricted shares are issued or become issuable when they vested and are measured at their grant date and recorded evenly over the vesting period.

Revenue recognition

The Company has not generated significant revenue since inception. Although the Company has begun to receive revenue from the sale of material for commercial applications, the Company is devoting substantially all its efforts to developing the business.

Integral Technologies, Inc.
Notes to the Consolidated Financial Statements

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (continued)

For license agreement that the Company enters into, revenue is measured based on the amount of consideration that is expected to be received by the Company under a contract with a customer, which is initially estimated with pricing specified in the agreement and adjusted for any discounts or other credits at contract inception then updated each reporting period, and excludes any sales incentives and amounts collected on behalf of third parties. The Company recognizes revenue when persuasive evidence of a contract with a customer exists and a performance obligation is identified and satisfied as the customer obtains control of the good or services.

The Company's license agreements can provide for upfront license fees, maintenance payments, and/or substantive milestone payments. In accordance with revenue recognition guidance, the Company identifies all of the deliverables at the inception of the agreement. License fees, which are nonrefundable fees will be evaluated for standalone value to the licensor and may be recognized upon delivery pursuant to terms of the agreement. Upfront nonrefundable fees associated with license and development agreements where the Company has continuing involvement that does not meet the requirement of a separate deliverable are recorded as deferred revenue and recognized over the estimated service period. The Company may also enter into agreements to provide engineering services. The Company recognizes revenue from engineering services as the service has been performed and amounts are reasonably assured of collection.

The Company recognizes revenues from royalties when they become due.

Foreign currency translation

The Company's functional and reporting currency is the US dollar. Transactions and balances for the Company's operations that are not in US dollars are translated into US dollars at the exchange rates in effect at the balance sheet dates for monetary assets and liabilities, and at historical exchange rates for non-monetary assets and liabilities. Revenues and expenses are translated at the rate of exchange on the date of the transaction, except for amortization and depreciation, which are translated on the same basis as the related assets. Resulting translation gains or losses are included in the consolidated statements of operations. The foreign currency impact on the consolidated financial statements is immaterial.

Advertising

Advertising costs are charged to operations when incurred. Advertising expense was \$nil and \$nil for the years ended June 30, 2022, and 2021, respectively.

Research and development

The Company expenses all research and development expenditures as incurred.

Use of estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of management estimates include valuation allowance for deferred income tax assets, the determination of the assumptions used in calculating the fair value of stock-based compensation and the determination of the assumptions used in calculating the fair value of derivative financial liabilities and the warrant liability. Actual results could differ from those estimates and could impact future results of operations and cash flows.

Integral Technologies, Inc.
Notes to the Consolidated Financial Statements

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)Financial instruments

The Company's balance sheet includes financial instruments, specifically cash, promissory note receivable, accounts payable and accrued expenses, related party payable, dividend payable, mandatorily redeemable preferred stock and loans payable. The carrying amounts of current assets and current liabilities approximate their fair value because of the relatively short period of time between the origination of these instrument and their expected realization.

The Company has issued financial instruments that contain embedded conversion features that qualify as derivatives and are therefore accounted for as liabilities. The derivative liabilities are initially recorded at fair value, with gains and losses arising from changes in fair value recognized in the consolidated statements of operations at each period end while such instruments are outstanding. The derivative liabilities relating to the convertible debt is valued using the Black-Scholes Model where appropriate. The fair value of the warrants issued with reset provisions were measured using the Monte Carlo method.

Fair value measurements

ASC 820 *Fair Value Measurements and Disclosures*, defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC 820 also establishes a fair value hierarchy that distinguishes between (1) market participant assumptions developed based on market data obtained from independent sources (observable inputs) and (2) an entity's own assumptions about market participant assumptions developed based on the best information available in the circumstances (unobservable inputs). Their fair value hierarchy consists of three board levels, which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described below:

- Level 1 – Quoted prices in active markets for identical securities;
- Level 2 – Other significant observable inputs that are observable through corroboration with market data (including quoted prices in active markets for similar securities); and
- Level 3 – Significant unobservable inputs that reflect management's best estimate of what market participants would use in pricing the asset or liability.

The fair value measurement of cash are classified as a Level 1 measurement. The fair value measurement of the derivative liability and warrants with reset provisions are classified as a Level 3 measurement.

Income taxes

The Company uses the asset and liability approach in its method of accounting for income taxes that requires the recognition of deferred tax liabilities and assets for expected future tax consequences of temporary differences between the carrying amounts and the tax basis of assets and liabilities. A valuation allowance against deferred tax assets is recorded if, based upon weighted available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized.

The impact of an uncertain tax position that is more likely than not of being sustained upon audit by the relevant taxing authority is recognized at the largest amount that is more likely than not to be sustained. No portion of an uncertain tax position will be recognized if the position has less than a 50% likelihood of being sustained.

Stock-based compensation

The Company accounts for stock-based compensation expense associated with stock options and other forms of equity compensation by estimating the fair value of share-based payment awards on the date of grant using the market price of common stock or the Black-Scholes option pricing model. The value of the portion of the award that is ultimately expected to vest is recognized as an expense over the requisite service periods in the Company's consolidated statements of operations. The Company uses the straight-line single-option method to recognize the value of stock-based compensation expense for all share-based payment awards. Stock-based compensation expense recognized in the consolidated statements of operations is reduced for estimated forfeitures, as it is based on awards ultimately expected to vest. Forfeitures are estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates.

Integral Technologies, Inc.
Notes to the Consolidated Financial Statements

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Property and equipment are recorded at cost and depreciated over the estimated useful lives using the straight-line method of depreciation. Amortization of the leasehold improvements is computed using the straight-line method over the lesser of the estimated useful lives of the underlying assets and the term of the related lease.

Recent Accounting Pronouncements

In June 2016, the FASB issued ASU 2016-13, Measurement of Credit Losses on Financial Instruments. ASU 2016-13 requires entities to use a forward-looking approach based on current expected credit losses ("CECL") to estimate credit losses on certain types of financial instruments, including trade receivables. This may result in the earlier recognition of allowances for losses. ASU 2016-13 is effective for the Company beginning January 1, 2023, and early adoption is permitted. The Company does not believe the potential impact of the new guidance and related codification improvements will be material to its financial position, results of operations and cash flows.

In August 2020, the FASB issued ASU No. 2020-06 ("ASU 2020-06") "Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity's Own Equity (Subtopic 815-40)." ASU 2020-06 reduces the number of accounting models for convertible debt instruments by eliminating the cash conversion and beneficial conversion models. The diluted net income per share calculation for convertible instruments will require the Company to use the if-converted method. For contracts in an entity's own equity, the type of contracts primarily affected by this update are freestanding and embedded features that are accounted for as derivatives under the current guidance due to a failure to meet the settlement conditions of the derivative scope exception. This update simplifies the related settlement assessment by removing the requirements to (i) consider whether the contract would be settled in registered shares, (ii) consider whether collateral is required to be posted, and (iii) assess shareholder rights. ASU 2020-06 is effective January 1, 2024, for the Company and the provisions of this update can be adopted using either the modified retrospective method or a fully retrospective method. Early adoption is permitted, but no earlier than January 1, 2021, including interim periods within that year.

Other recent accounting pronouncements issued by the FASB, its Emerging Issues Task Force, the American Institute of Certified Public Accountants, and the Securities and Exchange Commission did not or are not believed by management to have a material impact on the Company's present or future financial statements.

NOTE 3 - GOING CONCERN

These consolidated financial statements have been prepared on a going concern basis, which assumes the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the ordinary course of business. The Company's operations have resulted in a net loss of \$1,379,207 for the fiscal year ended June 30, 2022 (2021 - \$1,012,306), and an accumulated deficit of \$69,740,811 and a working capital deficiency of \$8,221,987 as at June 30, 2022. The Company does not have sufficient revenue-producing activities to fund its expenditure requirements to continue to advance researching, developing and commercializing its conductive plastics technology, ElectriPlast. The Company estimates that it does not have sufficient funding to continue operating activities; however, it has been able to raise funding to continue to be a publicly traded Company and looks to continue raising funding to operate in this sector. The lack of funding raises substantial doubt about the Company's ability to continue as a going concern.

These consolidated financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate because management believes that the actions already taken or planned will mitigate the adverse conditions and events that raise doubts about the validity of the going concern assumption used in preparing these consolidated financial statements. Management intends to raise additional capital through stock and debt issuances to finance operations. If none of these events occur, there is a risk that the business will fail.

Integral Technologies, Inc.
Notes to the Consolidated Financial Statements

NOTE 4 – PIVOTAL

On September 9, 2019, the Company entered into a technology and asset purchase agreement (the “Asset Purchase Agreement”) with Pivotal Battery Corp. (“Pivotal”), a company with management in common, whereby the Company will receive the following:

- (a) Cash payments totaling \$2,000,000 with \$200,000 received up front and \$1,800,000 in a convertible promissory note bearing interest at 7% per year payable in quarterly installments over a period of two years. The outstanding principal and interest are convertible into shares of common stock of Pivotal at a conversion price of \$1 per share; and
- (b) Issuance of 1,500,000 shares of common stock from Pivotal. These shares have not yet been received.

Upon initial recognition the conversion option was identified as a embedded derivative and assigned a fair value of \$nil.

On June 30, 2022, the Company amended the Asset purchase Agreement to terminate the promissory note agreement and amend the terms as follows:

- (a) *Payments During Development Phase:* Pivotal shall pay to the Company, payments of \$15,000 (subsequently paid) due on December 31st and \$25,000 due on June 30th during each subsequent 6 month period following the Amendment. In any case, the purchase price shall be paid in full no later than December 31, 2027.
- (b) *Payments Upon Commercialization:* Upon commercialization, defined as \$500,000 in revenue in any quarter or \$1,000,000 in any year (“Commercialization”), Pivotal shall pay to the Company \$250,000 per year, payable in \$125,000 increments due on June 30th and December 31 until the purchase price, is paid in full. In any case, the purchase price shall be paid in full no later than December 31, 2027.
- (c) *Stock Issuance:* Pivotal shall issue to the Company, 1,500,000 fully paid and non-assessable shares of Pivotal’s common stock, par value \$.001 upon Commercialization, however, in any event the shares shall be issued no later than December 31, 2027. The issuance of the shares shall be exempt from registration under the Securities Act of 1933 in reliance on an exemption provided by Section 4(a)(2) of that act.
- (d) *Change of Control:* If there is a change of control of the Company (defined as 50% or more), then all payments under the Note would be deferred until December 31, 2027.

The board of directors of the Company shall have the option to nominate 1 director to Pivotal’s board of directors, and Pivotal shall take the appropriate corporate action to approve and elect such nominee within 5 business days of the nomination. The Company shall have a right to board representation as long as its ownership of Pivotal’s common stock is equal to or greater than 2.5% of the outstanding shares.

The Company has determined that due to uncertainty of collection, revenues are recognized when received. Total revenues recognized pursuant to the Asset Purchase Agreement with Pivotal for the year ended June 30, 2022 was \$39,900 (2021 – \$114,000).

To date, no royalties are due to the Company. Upon the promissory note being written-off in the year ended June 30, 2019, no interest has been accrued due to uncertainties related to the collectability of the promissory note. The obligations under the promissory note were extinguished upon the amendment on June 30, 2022.

Integral Technologies, Inc.
Notes to the Consolidated Financial Statements

NOTE 5 - STOCKHOLDERS' DEFICIT

Common stock

During the years ended June 30, 2022, and 2021, there were no common share transactions and the Company's shares remain under a trading halt.

Preferred stock

On December 10, 2018, the Company issued 40 shares of the Series B Preferred Stock (the "Preferred Shares") at a price of \$2,250, for total proceeds of \$90,000.

On January 14, 2019, the Company issued 2 Preferred Shares at a price of \$2,250, for total proceeds of \$4,500.

Each Preferred Share carries an annual 12% dividend compounded annually for three (3) consecutive years. The Company will pay dividends on a quarterly basis at the discretion of the Board to the extent cash or other assets are available. Dividends may be paid in cash or other property. The Shares have no voting rights.

The shares are convertible into shares of common stock of the Company at the option of the holder on a 1:12,500 basis (subject to adjustments for stock dividends, splits, combinations and similar events) at any time within 12 to 36 months from the date of issuance of the Shares provided that the Company has enough authorized and unissued shares of common stock available for the conversion. Any accrued but unpaid interest or dividends related to the Shares may also be converted into common stock at the discretion of the Board of Directors.

The Company also has the option to call the shares and purchase some or all of the Series B Preferred Stock owned by investors at any time at on a pro rata, nearest whole share basis. The redemption value of the Shares is \$2,500 per Share (subject to adjustments for stock dividends, splits, combinations and similar events) (the "Redemption Value"). On the date 36 months from the issuance date of the Shares, if not already converted to common, the Company shall redeem the shares at the Redemption Value and pay all accrued but unpaid dividends and interest to the extent assets are available.

The mandatorily redeemable preferred stock liability of \$94,500 has been recognized at the issuance date, with a fair value of \$nil assigned to the derivative liability for the conversion option.

During the year ended June 30, 2022, the Company accrued dividends on the preferred stock of \$6,420 (2021 - \$13,540) which has been included in interest expense in the statement of operations. During the year ended June 30, 2022, the Company recognized accretion interest on the preferred stock of \$1,650 (2021 - \$3,564).

Stock options and restricted shares

The Company currently has no options or restricted shares issued and outstanding.

Integral Technologies, Inc.
Notes to the Consolidated Financial Statements

NOTE 5 - STOCKHOLDERS' DEFICIT (CONTINUED)

Stock purchase warrants

The following summarizes information about the Company's stock purchase warrants outstanding:

	Number of Warrants	Price Per Share	Weighted Average Exercise Price
Balance, June 30, 2021, and 2020	4,000,000	\$ 0.05	\$ 0.05
Expiry Date	Exercise Price	Number of Warrants	
		June 30, 2021	June 30, 2020
November 16, 2022	\$ 0.05*	4,000,000	4,000,000
Total outstanding and exercisable		4,000,000	4,000,000

*The exercise price of the warrants issued on November 16, 2017 is the lower of \$0.05 and the lowest trade price in the 10 days previous to exercise.

Upon initial recognition the warrants were accounted for as a derivative liability at fair value. As at June 30, 2022 the fair value of the warrant liability was \$Nil (June 30, 2021 - \$Nil).

Equity portion of convertible debt

On May 7, 2018, the Company and SBI Investments Inc. and L2 Capital entered into amended convertible debt agreements to fix the conversion price of all outstanding convertible debt at \$0.0293 per share. There were no adjustments to the carrying values of convertible debt pursuant to the amendments.

Share obligations

- (a) Pursuant to a separation agreement with a previous CFO, the Company will issue 36,000 shares of common stock with a due date fair value of \$3,600 and settle all unpaid fees from July 1, 2016, to February 10, 2017 (effective date of resignation).
- (b) Pursuant to director's agreements, the Company is obligated to issue 65,000 shares of common stock. As at June 30, 2021, these shares have not been issued and as such, the due date fair value of \$37,650 has been recognized in obligation to issue shares within equity.
- (c) On February 21, 2019, the Company entered into a promissory note for total proceeds of \$80,000. The promissory note bears interest at 2% per month and matures on November 21, 2019. As additional consideration to the holder, the Company must also issue 1,000,000 common shares within 180 days of the promissory note. As at June 30, 2021, and 2020, these shares have not been issued and the due date fair value of \$20,000 has been recognized within obligation to issue shares within equity.

Integral Technologies, Inc.
Notes to the Consolidated Financial Statements

NOTE 6 -RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

Fair value

The loans payable and mandatorily redeemable preferred stock balances approximate fair value due to its short-term nature.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's financial asset that is exposed to credit risk consists of cash, which is placed with US and Canadian financial institutions.

Concentration of credit risk exists with respect to the Company's cash, as certain amounts are held at US and financial institutions.

All U.S. institution amounts are covered by FDIC insurance as of June 30, 2022. Management deems any related risk to be minimal.

Interest rate risk

The Company is not exposed to significant interest rate risk due to fixed rates of interest on its monetary assets and liabilities.

Currency risk

The Company translates the results of non-US transactions into US dollars using rates of exchange on the date of the transaction. The exchange rate varies from time to time. This risk is considered nominal as the Company does not incur significant transactions in currencies other than US dollars.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company's approach to managing liquidity risk is to provide reasonable assurance that it will have sufficient funds to meet liabilities when due. The Company manages its liquidity risk by forecasting cash flows required for operations and anticipated investing and financing activities.

The Company requires significant additional funding to meet its operational costs in fiscal year 2023.

Financing transactions may include the issuance of equity securities, obtaining additional credit facilities, licensing proprietary technology or other financing mechanisms. However, the Company's shares are not currently trading which has made it more difficult to obtain equity financing.

Integral Technologies, Inc.
Notes to the Consolidated Financial Statements

NOTE 7 - INCOME TAXES

The provision for income taxes consists of the following at June 30:

	2022	2021
Current Expense	\$ -	\$ -
Deferred Expense/(Benefit)	360,000	170,000
Inc/(Dec) in valuation allowance	(360,000)	(170,000)
Total provision for income tax	\$ -	\$ -

The total provision differs from the amount computed by applying federal statutory rates to loss before income taxes due to the following at June 30:

	2022	2021
Provision for income tax at the statutory rate of 21%	\$ (290,000)	\$ (213,000)
Increase (Decrease) in taxes due to		
Change in valuation allowance	(360,000)	(170,000)
Expiration of net operating loss carry forwards	427,000	199,000
Disallowed expense	223,000	184,000
Total provision for income tax	\$ -	\$ -

The Company has used a federal statutory rate of 21%. The Company has no material state tax liabilities, so no provision for state income tax is needed.

Deferred tax assets and liabilities reflect the tax effects of the temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. The Company has net deferred income tax assets which have been reduced to zero through a valuation allowance because of uncertainties relating to utilization of future tax benefits. The increase/(decrease) in the valuation allowance for the years ended June 30, 2022, and June 30, 2021, are respectively (\$360,000) and (\$170,000).

The components of the net deferred income tax assets, calculated at an effective rate of 21%, are as follows at June 30:

	2022	2021
Noncurrent deferred tax assets		
Net operating loss carry forwards	\$ 9,390,000	\$ 9,750,000
Valuation allowance	(9,390,000)	(9,750,000)
Net deferred tax asset/(liability)	\$ -	\$ -

Integral Technologies, Inc.
Notes to the Consolidated Financial Statements

NOTE 7 - INCOME TAXES (CONTINUED)

For tax purposes, the Company has unused net operating losses available for carry forwards to future tax years. At June 30, 2022, the Company has net operating loss carry forwards of approximately \$42,000,000 which expire 2023 – 2038 and \$2,600,000 that can be carried forward indefinitely.

Current federal tax laws include substantial restrictions on the utilization of net operating losses and tax credits in the event of an ownership change of a corporation. Accordingly, the Company's ability to utilize net operating loss and tax credit carryforwards may be limited as a result of such ownership changes. Such a limitation could result in the expiration of carryforwards before they are utilized.

NOTE 8 - RELATED PARTY TRANSACTIONS

As of June 30, 2022, \$830,273 (June 30, 2021 - \$698,573) was owed to the Company's executives for outstanding management fees, consulting fees and business-related reimbursements and are unsecured without interest or stated terms of repayment.

During the year ended June 30, 2022, the Company accrued salaries of \$150,000 (2021 - \$150,000) to the Company's executives.

On September 9, 2019, the Company entered into a technology and asset purchase agreement with a Company with management in common, refer to Note 4 for details. During the year-ended June 30, 2022 the Company received payments of \$39,900 (2021 - \$114,000) as part of the promissory note issued as part of the Asset Purchase Agreement.

NOTE 9 - SEGMENT INFORMATION

The Company operates primarily in one business segment, the development of electronically-conductive resin-based materials, with operations located in the US.

NOTE 10 - CONVERTIBLE DEBENTURES

As of June 30, 2022, the Company's convertible debentures have been summarized as follows:

L2 capital Inc. ("L2")

Original debt	Total penalties	Accrued interest as of June 30, 2022	Total balance settled through issuance of shares	Balance due as of June 30, 2022	Original interest rate*	Inception	Original due date
\$	\$	\$	\$	\$			
469,760	369,375	479,955	(599,254)	719,836	12%	May 12, 2017	November 12, 2017
105,000	68,045	334,543	-	507,588	8%	May 19, 2017	November 19, 2017
119,227	249,675	724,455	-	1,093,357	8%	May 18, 2017	November 18, 2017

SBI Investments LLC ("SBI")

Original debt	Total penalties	Accrued interest as of June 30, 2022	Total balance settled through issuance of shares	Balance due as of June 30, 2022	Original Interest rate*	Inception	Original due date
\$	\$	\$	\$	\$			
469,760	220,917	588,380	(431,605)	847,452	12%	May 12, 2017	November 12, 2017
105,000	170,240	419,177	-	694,417	8%	May 19, 2017	November 19, 2017
119,227	180,550	594,299	-	894,076	8%	May 18, 2017	November 18, 2017
28,750	46,623	114,705	-	190,078	8%	June 23, 2017	December 23, 2017

As of June 30, 2021, the Company's convertible debentures have been summarized as follows:

L2 capital Inc. ("L2")

Original debt	Total penalties	Accrued interest as of June 30, 2021	Total balance settled through issuance of shares	Balance due as of June 30, 2021	Original interest rate*	Inception	Original due date
\$	\$	\$	\$	\$			
469,760	369,375	340,634	(599,254)	580,515	12%	May 12, 2017	November 12, 2017
105,000	68,045	236,300	-	409,345	8%	May 19, 2017	November 19, 2017
119,227	249,675	512,839	-	881,741	8%	May 18, 2017	November 18, 2017

Integral Technologies, Inc.
Notes to the Consolidated Financial Statements

NOTE 10 - CONVERTIBLE DEBENTURES (CONTINUED)

SBI Investments LLC ("SBI")

Original debt	Total penalties	Accrued interest as of June 30, 2021	Total balance settled through issuance of shares	Balance due as of June 30, 2021	Original Interest rate*	Inception	Original due date
\$	\$	\$	\$	\$			
469,760	220,917	422,522	(431,605)	681,594	12%	May 12, 2017	November 12, 2017
105,000	170,240	283,273	-	558,513	8%	May 19, 2017	November 19, 2017
119,227	180,550	419,319	-	719,096	8%	May 18, 2017	November 18, 2017
28,750	46,623	77,504		152,877	8%	June 23, 2017	December 23, 2017

* In accordance with the default provisions of the original convertible debt agreements, the convertible debentures began accruing interest at 24% per annum following non-payment as of the due dates of the respective convertible debenture notes.

There were no settlements of convertible debentures into shares of common stock during the years ended June 30, 2022 and 2021.

The convertible debentures are convertible into common shares of the Company. On May 7, 2018, the Company entered into amended convertible debt agreements with L2 and SBI and fixed the conversion rate to a price of \$0.0293 per common share.

JMJ Financial

On November 16, 2017, the Company entered into a debt agreement with JMJ Financial. A total of \$200,000 was received. The convertible debenture became due on May 15, 2018. As of June 30, 2021, and 2022, \$74,000 remains due.

The note becomes convertible in the event the Company breaches any of the default provisions. On January 16, 2018, the note was in default and accordingly became convertible. The conversion price is the lesser of \$0.05 or 50% of the lowest trade price in the 25 trading days previous to the conversion. The lender is limited to holding no more than 4.99% of the issued and outstanding common stock at the time of conversion. After the expiration of 120 days following the delivery date of any consideration, the Company will have no right of prepayment without written consent of the lender.

A reconciliation of the Company's convertible debenture is as follows:

Balance June 30, 2020	\$	3,282,079
Interest	\$	775,602
Balance, June 30, 2021	\$	4,057,681
Interest	\$	963,123
Balance, June 30, 2022	\$	5,020,804

On March 25, 2021, the Company's common shares were suspended from trading. As a result, the Company is not able to satisfy the conversion rights under the convertible debt agreements, the fair values of all derivative liabilities have been measured at \$nil as at June 30, 2021 and 2022.

Integral Technologies, Inc.
Notes to the Consolidated Financial Statements

NOTE 11 – LOANS PAYABLE

During the year ended June 30, 2022, the Company had the following loan agreements outstanding, summarized as follows:

- (a) On August 23, 2017, and October 5, 2017, the Company received a total of \$352,400 pursuant to two promissory notes at 10% interest due 9 months from the agreement date. During the year ended 2020, the Company repaid \$20,000 in principle and annual interest of 10% is accrued on the balance of principle. A total of \$502,435 is remaining under the promissory notes (2021 - \$469,195).

During the year ended June 30, 2022, interest expense of \$30,240 was recognized on the promissory note (June 30, 2021 – \$30,240).

- (b) On February 19, 2019, the Company entered into a promissory note agreement and received a total of \$80,000, net of \$4,000 in fees plus monthly interest at 2%. The promissory note consisting of interest and principal was due April 23, 2019. On May 18, 2019, a late fee of \$10,000 became payable on the promissory note due to non-payment. A total of \$154,000 is remaining under the promissory note (2021 - \$134,800).

During the year ended June 30, 2022, interest expense of \$19,200 was recognized on the promissory note (June 30, 2021 – \$19,200).

- (c) On February 21, 2019, the Company entered into a promissory note for total proceeds of \$80,000. The promissory note bears interest at 2.5% per month and matures on November 21, 2019. As additional consideration to the holder, the Company must also issue 1,000,000 common shares within 180 days of the promissory note. As of June 30, 2022, no shares have been issued. A total of \$93,500 is remaining under the promissory note (2021 - \$86,600).

During the year ended June 30, 2021, interest expense of \$27,600 was recognized on the promissory note (June 30, 2020 – \$27,600). During the year ended June 30, 2022, repayments of \$20,700 were made towards the balance owing on the promissory note (June 30, 2021 – \$27,600).

- (d) During October 2021 and March 2022, the Company entered into a total of four promissory notes for an aggregate total of \$150,000. Each note bears interest at 8% and are due 10 months after issuance. The proceeds of these promissory notes shall be strictly used pursuant to costs associated with getting its filings current and resumption of trading. The promissory notes also create a lien on and grants a first priority security interest in all of the Company's assets. A total of \$160,926 is remaining under the promissory notes (\$2021 - \$52,678).

NOTE 12 - SUBSEQUENT EVENT

On December 12, 2022, the Company entered into a promissory note for an additional \$23,000. The note bears interest at 8% and is due 10 months after issuance. The proceeds of these promissory notes shall be strictly used pursuant to costs associated with getting its filings current and resumption of trading. The promissory notes also create a lien on and grants a first priority security interest in all of the Company's assets.

Integral Technologies, Inc.
Condensed Consolidated Balance Sheets

	December 31, 2022 (Unaudited)	June 30, 2022
ASSETS		
<u>Current assets:</u>		
Cash	\$ 7,045	\$ 31,983
Total assets	<u>\$ 7,045</u>	<u>\$ 31,983</u>
LIABILITIES AND STOCKHOLDERS' DEFICIT		
<u>Current Liabilities:</u>		
Accounts payable and accrued expenses	\$ 1,432,227	\$ 1,348,727
Related party payable	900,273	830,273
Dividend payable	38,305	38,305
Loans payable	974,036	910,861
Mandatorily redeemable preferred stock	105,000	105,000
Deferred revenues	425	-
Convertible debentures	5,642,085	5,020,804
Total liabilities	9,092,351	8,253,970
<u>Stockholders' deficit:</u>		
Common stock and paid in capital in excess of \$0.001 par value, 250,000,000 shares authorized, 246,135,391 (June 30, 2022 – 246,135,391) issued and outstanding	61,457,574	61,457,574
Preferred stock and paid-in capital in excess of \$0.001 par value, 20,000,000 shares authorized, 42 (June 30, 2022 - 42) issued and outstanding	-	-
Share subscriptions and obligations to issue shares	61,250	61,250
Accumulated deficit	(70,604,130)	(69,740,811)
Total stockholders' deficit	(9,085,306)	(8,221,987)
TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIT	<u>\$ 7,045</u>	<u>31,983</u>

The accompanying notes are an integral part of the condensed consolidated financial statements.

Integral Technologies, Inc.
Condensed Consolidated Statements of Operations
Six and three months ended December 31, 2022 and 2021 (Unaudited)

	Three months ended December 31, 2022	Three months ended December 31, 2022	Six months ended December 31, 2022	Six months ended December 31, 2021
Revenue	\$ 10,000	\$ 17,325	\$ 15,000	\$ 27,300
Operating expenses:				
Selling, general, and administrative expenses	82,727	71,966	209,963	186,842
Total operating expenses	<u>(82,727)</u>	<u>(71,966)</u>	<u>(209,963)</u>	<u>(186,842)</u>
Accretion expense	-	(825)	-	(1,650)
Interest expense	(339,775)	(266,767)	(668,356)	(532,044)
Net Loss	<u>\$ (412,502)</u>	<u>\$ (322,233)</u>	<u>\$ (863,319)</u>	<u>\$ (693,236)</u>
Net loss per share— basic and diluted	<u>\$ (0.00)</u>	<u>\$ (0.00)</u>	<u>\$ (0.00)</u>	<u>\$ (0.00)</u>
Weighted average number of common shares outstanding	<u>246,135,391</u>	<u>246,135,391</u>	<u>246,135,391</u>	<u>246,135,391</u>

The accompanying notes are an integral part of the condensed consolidated financial statements.

Integral Technologies, Inc.
Condensed Consolidated Statements of Cash Flows
Six months ended December 31, 2022 and 2021 (Unaudited)

	Six months ended December 31, 2022	Six months ended December 31, 2021
Cash flows from operating activities:		
Net loss	\$ (863,319)	\$ (693,236)
Items not involving cash		
Accretion expense	-	1,650
Interest on convertible debentures	621,281	483,780
Interest on debt	47,075	41,844
Interest on mandatorily redeemable preferred stock	-	6,420
Changes in working capital:		
Deferred revenue	425	-
Accounts payable and accrued liabilities	83,500	84,577
Related party payable	70,000	37,500
Net cash used in operating activities	(41,038)	(37,465)
Cash flows from financing activities:		
Repayment of loans	(6,900)	-
Proceeds from loans	23,000	40,000
Net cash provided from financing activities	16,100	40,000
Increase (decrease) in cash	(24,938)	2,535
Cash, beginning of period	31,983	18,774
Cash, end of period	\$ 7,045	\$ 21,309
Supplemental cash flow information:		
Interest paid	\$ -	\$ -

The accompanying notes are an integral part of the condensed consolidated financial statements.

Integral Technologies, Inc.
Notes to the Condensed Consolidated Financial Statements
(Unaudited)

NOTE 1 - NATURE OF OPERATIONS

Integral Technologies, Inc. (the “Company” or “Integral”) was incorporated under the laws of the state of Nevada on February 12, 1996 and has recently relocated its head office to Evansville, Indiana, USA. The Company is in the business of researching, developing and commercializing new electrically-conductive resin-based materials called ElectriPlast.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States (“US GAAP”) and are presented in United States dollars. We have prepared the condensed consolidated financial statements included herein, without audit, pursuant to the rules and regulations of the United States Securities and Exchange Commission (“SEC”). The consolidated financial statements include the Company’s wholly owned subsidiaries. Certain information and footnote disclosures normally included in the annual financial statements prepared in accordance with U.S. generally accepted accounting principles have been condensed from the accompanying consolidated financial statements. The accompanying comparative year end consolidated balance sheet was derived from the audited financial statements included in the annual financial statements. The accompanying interim financial statements are unaudited, and reflect all adjustments which are in the opinion of management, necessary for a fair statement of the Company’s consolidated financial position, results of operations, and cash flows for the periods presented. Unless otherwise noted, all such adjustments are of a normal, recurring nature. All intercompany transactions and balances have been eliminated in consolidation. The Company’s results of operations and cash flows for the interim periods are not necessarily indicative of the results of operations and cash flows that it may achieve in future periods. Nevertheless, we believe that the disclosures are adequate to ensure the information presented is not misleading. These unaudited consolidated financial statements should be read in conjunction with our audited financial statements and the notes thereto for the year ended June 30, 2022 included in the Company’s Form 10 filed with the SEC concurrently with these consolidated financial statements.

Principles of consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, Integral Operating, LLC (“Operating”), Integral Vision Systems, Inc. (“IVSI”), Antek Wireless Inc. (“Antek”), Electriplast Corp. (formerly Plastenna, Inc.) (“Electriplast”), and Integral Technologies Asia, Inc. (“Asia”), which are currently inactive. All intercompany balances and transactions have been eliminated.

Use of estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of management estimates include valuation allowance for deferred income tax assets, the determination of the assumptions used in calculating the fair value of stock-based compensation and the determination of the assumptions used in calculating the fair value of derivative financial liabilities and the warrant liability. Actual results could differ from those estimates and could impact future results of operations and cash flows.

Integral Technologies, Inc.
Notes to the Condensed Consolidated Financial Statements
(Unaudited)

NOTE 3 - GOING CONCERN

These consolidated financial statements have been prepared on a going concern basis, which assumes the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the ordinary course of business. The Company's operations have resulted in a net loss of \$863,319 for the six months ended December 31, 2022 (2021 - \$693,236), and an accumulated deficit of \$70,604,130 and a working capital deficiency of \$9,085,306 as at December 31, 2022. The Company does not have sufficient revenue-producing activities to fund its expenditure requirements to continue to advance researching, developing and commercializing its conductive plastics technology, ElectriPlast. The Company estimates that, does not have sufficient funding to continue operating activities; however, it has been able to raise funding to continuing to be a publicly traded Company and looks to continue raising funding to operate in this sector. The lack of funding raises substantial doubt about the Company's ability to continue as a going concern.

These consolidated financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate because management believes that the actions already taken or planned will mitigate the adverse conditions and events that raise doubts about the validity of the going concern assumption used in preparing these consolidated financial statements. Management intends to raise additional capital through stock and debt issuances to finance operations. If none of these events occur, there is a risk that the business will fail.

NOTE 4 – PIVOTAL

On September 9, 2019, the Company entered into a technology and asset purchase agreement (the "Asset Purchase Agreement") with Pivotal Battery Corp. ("Pivotal"), whereby the Company will receive the following:

- (a) Cash payments totaling \$2,000,000 with \$200,000 received up front and \$1,800,000 in a convertible promissory note bearing interest at 7% per year payable in quarterly installments over a period of two years. The outstanding principal and interest are convertible into shares of common stock of Pivotal at a conversion price of \$1 per share; and
- (b) Issuance of 1,500,000 shares of common stock from Pivotal. These shares have not yet been received.

Upon initial recognition the conversion option was identified as a embedded derivative and assigned a fair value of \$nil.

On June 30, 2022, the Company amended the Asset Purchase Agreement to terminate the promissory note agreement and amend the terms as follows:

- (a) *Payments During Development Phase:* Pivotal shall pay to the Company, payments of \$15,000 due on December 31st (received) and \$25,000 due on June 30th during each subsequent 6 month period following the Amendment. In any case, the purchase price shall be paid in full no later than December 31, 2027.
- (b) *Payments Upon Commercialization:* Upon commercialization, defined as \$500,000 in Revenue in any quarter or \$1,000,000 in any year ("Commercialization"), Pivotal shall pay to the Company \$250,000 per year, payable in \$125,000 increments due on June 30th and December 31 until the purchase price, is paid in full. In any case, the purchase price shall be paid in full no later than December 31, 2027.
- (c) *Stock Issuance:* Pivotal shall issue to the Company, 1,500,000 fully paid and non-assessable shares of the Pivotal's common stock, par value \$.001 upon Commercialization, however, in any event the shares shall be issued no later than December 31, 2027. The issuance of the shares shall be exempt from registration under the Securities Act of 1933 in reliance on an exemption provided by Section 4(a)(2) of that act.
- (d) *Change of Control:* If there is a change of control of the Company (defined as 50% or more), then all payments under the Note would be deferred until December 31, 2027.

The board of directors of the Company shall have the option to nominate 1 director to Pivotal's board of directors, and Pivotal shall take the appropriate corporate action to approve and elect such nominee within 5 business days of the nomination. The Company shall have a right to board representation as long as its ownership of Pivotal's common stock is equal to or greater than 2.5% of the outstanding shares.

The Company has determined that due to uncertainty of collection, revenues are recognized when received. Total revenues recognized pursuant to the Asset Purchase Agreement with Pivotal for the six months ended December 31, 2022 was \$15,000 (2021 – \$27,300).

To date, no royalties are due to the Company. Upon the promissory note being written-off in the year ended June 30, 2019, no interest has been accrued due to uncertainties related to the collectability of the promissory note. The obligations under the promissory note were extinguished upon amendment on June 30, 2022.

Integral Technologies, Inc.
Notes to the Condensed Consolidated Financial Statements
(Unaudited)

NOTE 5 - STOCKHOLDERS' DEFICIT

Common stock

During the six months ended December 31, 2022 and year ended June 30, 2022, there were no common share transactions and the Company's shares remain under a trading halt.

Preferred stock

On December 10, 2018, the Company issued 40 shares of the Series B Preferred Stock (the "Preferred Shares") at a price of \$2,250, for total proceeds of \$90,000.

On January 14, 2019, the Company issued 2 Preferred Shares at a price of \$2,250, for total proceeds of \$4,500.

Each Preferred Share carries an annual 12% dividend compounded annually for three (3) consecutive years. The Company will pay dividends on a quarterly basis at the discretion of the Board to the extent cash or other assets are available. Dividends may be paid in cash or other property. The Shares have no voting rights.

The shares are convertible into shares of common stock of the Company at the option of the holder on a 1:12,500 basis (subject to adjustments for stock dividends, splits, combinations and similar events) at any time within 12 to 36 months from the date of issuance of the Shares provided that the Company has enough authorized and unissued shares of common stock available for the conversion. Any accrued but unpaid interest or dividends related to the Shares may also be converted into common stock at the discretion of the Board of Directors.

The Company also has the option to call the shares and purchase some or all of the Series B Preferred Stock owned by investors at any time on a pro rata, nearest whole share basis. The redemption value of the Shares is \$2,500 per Share (subject to adjustments for stock dividends, splits, combinations and similar events) (the "Redemption Value"). On the date 36 months from the issuance date of the Shares, if not already converted to common, the Company shall redeem the Shares at the Redemption Value and pay all accrued but unpaid dividends and interest to the extent assets are available.

The mandatorily redeemable preferred stock liability of \$94,500 has been recognized at the issuance date, with a fair value of \$nil assigned to the derivative liability for the conversion option.

During the six month period ended December 31, 2022, the company accrued dividends on the preferred stock of \$nil (2021 - \$6,420) which has been included in interest expense in the statement of operations. During the six month period ended December 31, 2022, the Company recognized accretion interest on the preferred stock of \$nil (2021 - \$1,650).

Stock options and restricted shares

The Company currently has no options or restricted shares issued and outstanding.

Integral Technologies, Inc.
Notes to the Condensed Consolidated Financial Statements
(Unaudited)

NOTE 5 - STOCKHOLDERS' DEFICIT (CONTINUED)

Stock purchase warrants

On November 16, 2022, 4,000,000 warrants with an exercise price of the lower of \$0.05 and the lowest trade price in the 10 days previous to exercise, expired unexercised.

Equity portion of convertible debt

On May 7, 2018, the Company and SBI Investments Inc. and L2 Capital entered into amended convertible debt agreements to fix the conversion price of all outstanding convertible debt at \$0.0293 per share. There were no adjustments to the carrying values of convertible debt pursuant to the amendments.

Share obligations

- (a) Pursuant to a separation agreement with a previous CFO, the Company will issue 36,000 shares of common stock with a due date fair value of \$3,600 and settle all unpaid fees from July 1, 2016 to February 10, 2017 (effective date of resignation).
- (b) Pursuant to director's agreements, the Company is obligated to issue 65,000 shares of common stock. As at June 30, 2021, these shares have not been issued and as such, the due date fair value of \$37,650 has been recognized in obligation to issue shares within equity.
- (c) On February 21, 2019, the Company entered into a promissory note for total proceeds of \$80,000. The promissory note bears interest at 2% per month and matures on November 21, 2019. As additional consideration to the holder, the Company must also issue 1,000,000 common shares within 180 days of the promissory note. As at June 30, 2021 and 2020, these shares have not been issued and the due date fair value of \$20,000 has been recognized within obligation to issue shares within equity.

Integral Technologies, Inc.
Notes to the Condensed Consolidated Financial Statements
(Unaudited)

NOTE 6 - RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

Fair value

The loans payable and preferred stock balances approximates fair value due to its short-term nature.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's financial asset that is exposed to credit risk consists of cash, which is placed with US and Canadian financial institutions.

Concentration of credit risk exists with respect to the Company's cash, as certain amounts are held at US and financial institutions.

All U.S. institution amounts are covered by FDIC insurance as of December 31, 2022. Management deems any related risk to be minimal.

Interest rate risk

The Company is not exposed to significant interest rate risk due to fixed interest rates on its monetary assets and liabilities.

Currency risk

The Company translates the results of non-US transactions into US dollars using rates of exchange on the date of the transaction. The exchange rate varies from time to time. This risk is considered nominal as the Company does not incur significant transactions in currencies other than US dollars.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company's approach to managing liquidity risk is to provide reasonable assurance that it will have sufficient funds to meet liabilities when due. The Company manages its liquidity risk by forecasting cash flows required for operations and anticipated investing and financing activities.

The Company requires significant additional funding to meet its operational costs in the fiscal year 2023.

Financing transactions may include the issuance of equity securities, obtaining additional credit facilities, licensing proprietary technology or other financing mechanisms. However, the Company's shares are not currently trading which has made it more difficult to obtain equity financing.

NOTE 7 - RELATED PARTY TRANSACTIONS

As of December 31, 2022, \$900,273 (June 30, 2022 - \$830,273) was owed to the Company's executives for outstanding management fees, consulting fees and business-related reimbursements and are unsecured without interest or stated terms of repayment.

During the six months ended December 31, 2022, the Company accrued salaries of \$75,000 (2021 - \$75,000) to the Company's executives.

On September 9, 2019, the Company entered into a technology and asset purchase agreement with a Company with management in common, refer to Note 4 for details. During the six months ended December 31, 2022 the Company received payments of \$15,000 (2021 - \$27,300) as part of the promissory note issued as part of the Asset Purchase Agreement.

Integral Technologies, Inc.
Notes to the Condensed Consolidated Financial Statements
(Unaudited)

NOTE 8 - SEGMENT INFORMATION

The Company operates primarily in one business segment, the development of electronically-conductive resin-based materials, with operations located in the US.

NOTE 9 - CONVERTIBLE DEBENTURES

As of December 31, 2022, the Company's convertible debentures have been summarized as follows:

L2 capital Inc. ("L2")

Original debt	Total penalties	Accrued interest as of December 31, 2022	Total balance settled through issuance of shares	Balance due as of December 31, 2022	Original interest rate*	Inception	Original due date
\$	\$	\$	\$	\$			
469,760	369,375	569,681	(599,254)	809,562	12%	May 12, 2017	November 12, 2017
105,000	68,045	397,811	-	570,856	8%	May 19, 2017	November 19, 2017
119,227	249,675	860,738	-	1,229,640	8%	May 18, 2017	November 18, 2017

SBI Investments LLC ("SBI")

Original debt	Total penalties	Accrued interest as of December 31, 2022	Total balance settled through issuance of shares	Balance due as of December 31, 2022	Original interest rate*	Inception	Original due date
\$	\$	\$	\$	\$			
469,760	220,917	695,522	(431,605)	954,594	12%	May 12, 2017	November 12, 2017
105,000	170,240	506,971	-	782,211	8%	May 19, 2017	November 19, 2017
119,227	180,550	707,336	-	1,007,113	8%	May 18, 2017	November 18, 2017
28,750	46,623	138,736	-	214,109	8%	June 23, 2017	December 23, 2017

As of June 30, 2022, the Company's convertible debentures have been summarized as follows:

L2 capital Inc. ("L2")

Original debt	Total penalties	Accrued interest as of June 30, 2022	Total balance settled through issuance of shares	Balance due as of June 30, 2022	Original interest rate*	Inception	Original due date
\$	\$	\$	\$	\$			
469,760	369,375	479,955	(599,254)	719,836	12%	May 12, 2017	November 12, 2017
105,000	68,045	334,543	-	507,588	8%	May 19, 2017	November 19, 2017
119,227	249,675	724,455	-	1,093,357	8%	May 18, 2017	November 18, 2017

SBI Investments LLC ("SBI")

Original debt	Total penalties	Accrued interest as of June 30, 2022	Total balance settled through issuance of shares	Balance due as of June 30, 2022	Original interest rate*	Inception	Original due date
\$	\$	\$	\$	\$			
469,760	220,917	588,380	(431,605)	847,452	12%	May 12, 2017	November 12, 2017
105,000	170,240	419,177	-	694,417	8%	May 19, 2017	November 19, 2017
119,227	180,550	594,299	-	894,076	8%	May 18, 2017	November 18, 2017
28,750	46,623	114,705	-	190,078	8%	June 23, 2017	December 23, 2017

* In accordance with the default provisions of the original convertible debt agreements, the convertible debentures began accruing interest at 24% per annum following non-payment as of the due dates of the respective convertible debenture notes.

There were no settlements of convertible debentures into shares of common stock during the six month period ended December 31, 2022 and 2021.

The convertible debentures are convertible into common shares of the Company. On May 7, 2018, the Company entered into amended convertible debt agreements with L2 and SBI and fixed the conversion rate to a price of \$0.0293 per common share.

JMJ Financial

On November 16, 2017, the Company entered into a debt agreement with MJM Financial. A total of \$200,000 was received. The convertible debenture became due on May 15, 2018. As of June 30, 2021, 2022 and December 31, 2022, \$74,000 remains due.

Integral Technologies, Inc.
Notes to the Condensed Consolidated Financial Statements
(Unaudited)

NOTE 9 - CONVERTIBLE DEBENTURES (CONTINUED)

The note becomes convertible in the event the Company breaches any of the default provisions. On January 16, 2018, the note was in default and accordingly became convertible. The conversion price is the lesser of \$0.05 or 50% of the lowest trade price in the 25 trading days previous to the conversion. The lender is limited to holding no more than 4.99% of the issued and outstanding common stock at the time of conversion. After the expiration of 120 days following the delivery date of any consideration, the Company will have no right of prepayment without written consent of the lender.

A reconciliation of the Company's convertible debenture is as follows:

Balance June 30, 2020	\$	3,282,079
Interest	\$	775,601
Balance, June 30, 2021	\$	4,057,680
Interest	\$	963,123
Balance, June 30, 2022	\$	5,020,804
Interest	\$	621,281
Balance December 31, 2022	\$	5,642,085

On March 25, 2021, the Company's common shares were suspended from trading. As a result, the Company is not able to satisfy the conversion rights under the convertible debt agreements, the fair values of all derivative liabilities have been measured at \$nil as at June 30, 2021, 2022 and December 31, 2022.

Integral Technologies, Inc.
Notes to the Condensed Consolidated Financial Statements
(Unaudited)

NOTE 10 – LOANS PAYABLE

During the six months ended December 31, 2022, the Company had the following loan agreements outstanding, summarized as follows:

- (a) On August 23, 2017 and October 5, 2017, the Company received a total of \$352,400 pursuant to two promissory notes at 10% interest due 9 months from the agreement date. During the year ended 2020, the Company repaid \$20,000 in principle and annual interest of 10% is accrued on the balance of principle. A total of \$519,055 is remaining under the promissory notes (June 30, 2022 - \$502,435).

During the six months ended December 31, 2022, interest expense of \$16,620 was recognized on the promissory note (2021 – \$16,620).

- (b) On February 19, 2019, the Company entered into a promissory note agreement and received a total of \$80,000, net of \$4,000 in fees plus monthly interest at 2%. The promissory note consisting of interest and principle was due April 23, 2019. On May 18, 2019, a late fee of \$10,000 became payable on the promissory note due to non-payment. A total of \$163,600 is remaining under the promissory note (June 30, 2022 - \$154,000).

During the six months ended December 31, 2022, interest expense of \$9,600 was recognized on the promissory note (2021 – \$9,600).

- (c) On February 21, 2019, the Company entered into a promissory note for total proceeds of \$80,000. The promissory note bears interest at 2.5% per month and matures on November 21, 2019. As additional consideration to the holder, the Company must also issue 1,000,000 common shares within 180 days of the promissory note. As of June 30, 2022, no shares have been issued. A total of \$100,400 is remaining under the promissory note (June 30, 2022 - \$93,500).

During the six months ended December 31, 2022, interest expense of \$13,800 was recognized on the promissory note (2021 – \$13,800). During the six months ended December 31, 2022, repayments of \$6,900 were made towards the balance owing on the promissory note (2021 – \$11,500).

- (d) During October 2021 and March 2022, the Company entered into a total of four promissory notes for an aggregate total of \$150,000. Each note bears interest at 8% and are due 10 months after issuance. The proceeds of these promissory notes shall be strictly used pursuant to costs associated with getting its filings current and resumption of trading. The promissory notes also create a lien on and grants a first priority security interest in all of the Company's assets. As of December 31, 2022, a total of \$190,981 is remaining under the promissory notes (June 30, 2022 - \$160,926).

During the six months ended December 31, 2022, interest expense of \$7,055 was recognized on the promissory note (2021 – \$4,124).

AMENDMENT NO. 1 TO TECHNOLOGY ASSET PURCHASE AGREEMENT

This Amendment No. 1 to the Technology Asset Purchase Agreement (the "**Amendment**") dated June 30, 2022 is entered into by and between Integral Technologies, Inc. ("**Integral**" or "**Seller**"), a corporation organized under the laws of the State of Nevada, and Pivotal Battery Corp. ("**Pivotal**" or "**Purchaser**"), a corporation organized under the laws of the State of Delaware.

RECITALS

WHEREAS, the Purchaser and the Seller are parties to that certain Technology Asset Purchase Agreement, dated September 9, 2019 (the "**Agreement**"), pursuant to which, among other things, the Purchaser agreed to acquire the Purchased Assets from the Seller on the terms and subject to the conditions set forth in the Agreement;

WHEREAS, capitalized terms used in this Amendment, but not otherwise defined herein, are used herein with the respective meanings ascribed to such terms under the Agreement;

WHEREAS, due to the unforeseen business environment, precipitated in large part from the COVID-19 global pandemic that caused supply shortages around the world, in particular, the Seller's ability to source conductive fiber needed to enter into a supplier agreement, Purchaser and Seller desire to amend the Agreement as set forth herein;

NOW, THEREFORE, in consideration of the foregoing, and the mutual terms, covenants and conditions herein below set forth, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

AGREEMENT

The Agreement shall be amended as follows:

1. The previous payments totaling \$422,800 made between 2019 - 2022 by Purchaser to Seller shall be treated as consideration for the Amendment.
2. The Parties agree to delete Sections 2, 2.1, 2.2 and 2.3, including Exhibit B and Exhibit C in their entirety.
3. The Parties agree to cancel the Promissory Note dated September 9, 2019 and the Promissory Note Modification Agreement dated October 23, 2020. The Parties agree the Promissory Note dated September 9, 2019 and the Promissory Note Modification Agreement dated October 23, 2020, including all unpaid interest, are hereby cancelled.

4. The Parties agree a new Section 2, 2.1, 2.2, 2.3, and 2.4 shall be added to the Agreement, as follows:

"2. ASSIGNMENTS; TECHNOLOGY PURCHASE PRICE; SECURITY & DEFAULT.

2.1 Seller hereby agrees to sell, assign and transfer, and Purchaser hereby agrees to purchase and accept, all of Seller's right, title, interest and benefit in and to the Technology and Proprietary Rights.

2.2 Purchase Price. The total purchase price of the assets shall be \$2,000,000 in cash and 1,500,000 shares of Pivotal's common stock.

a. Payments During Development Phase: Purchaser shall pay to Seller, payments of \$15,000 due on December 31st and \$25,000 due on June 30th during each subsequent six (6) month period following the Amendment. In any case, the purchase price shall be paid in full no later than December 31, 2027.

b. Payments Upon Commercialization: Upon commercialization, defined as \$500,000 in Revenue in any quarter or \$1,000,000 in any year ("Commercialization"), Purchaser shall pay to Seller \$250,000 per year, payable in \$125,000 increments due on June 30th and December 31 until the purchase price, is paid in full. In any case, the purchase price shall be paid in full no later than December 31, 2027.

c. Stock Issuance. Purchaser shall issue to Seller, 1,500,000 fully paid and non-assessable shares of the Purchaser's common stock, par value \$.001 upon Commercialization, as defined in Section 2.2(b) above, however, in any event the shares shall be issued no later than December 31, 2027. The issuance of the shares shall be exempt from registration under the Securities Act of 1933 in reliance on an exemption provided by Section 4(a)(2) of that act.

d. Board Representation. The board of directors of Seller shall have the option to nominate one (1) director to Purchaser's board of directors, and Purchaser shall take the appropriate corporate action to approve and elect such nominee within five (5) business days of the nomination. Seller shall have a right to board representation as long as its ownership of Purchaser's common stock is equal to or greater than 2.5% of the outstanding shares.

2.3 Security.

a. Seller is hereby granted a first priority security interest (to the extent allowed by law) on U.S. Patent Application Nos. 14/822,315 and 16/236,533 and its subsequent issued patents (the "Collateral"), which shall be enforceable upon an Event of Default.

b. Purchaser hereby authorizes Seller to file UCC statements, without notice to Purchaser, with all appropriate jurisdictions to perfect or protect Seller's interest or rights hereunder, including a notice that any disposition of the Collateral shall be deemed to violate the rights of Seller.

2.4 Default. Upon the occurrence of an Event of Default the purchase price, and all other amounts owing hereunder may, at the option of the Seller, become immediately due and payable to Seller. An "Event of Default" shall mean:

a. Commencement of proceedings against the Purchaser under any bankruptcy or insolvency law or other law for the reorganization, arrangement, composition or similar relief or aid of debtors or creditors if such proceeding remains undismissed and unstayed for a period of 90 days.

b. If the Purchaser shall dissolve, liquidate or wind up its affairs or sell substantially all of its assets.

c. If the Purchaser breaches any of its representations, warranties, covenants or agreements set forth in the Agreement and such breach shall not be cured within 60 days following notice to the Purchaser by the Seller.

d. Purchaser is in material breach of any provision of the Agreement, which breach continues for more than 60 calendar days following notice to the Purchaser by the Seller."

5. The Parties agree to amend Section 5.1(a) by deleting the following in the Section:
"and any other consideration stated in Exhibit B,"

6. The Parties agree to delete Section 5.2(b) in its entirety and to renumber Section 5.2(c) as 5.2(b), and renumber Section 5.2(d) as 5.2(c) and renumber Section 5.2(e) as 5.2(d).

7. The Parties agree to add Sections 16, 16.1 and 16.2 with the following:

“16. SUPPLIER AGREEMENT.

16.1 Purchaser and Seller shall enter into an exclusive ten (10) year supplier agreement (the “Exclusive Supplier Period”) as soon as Seller has developed a version of ElectriPlast that the parties agree is suitable for use in the manufacture of bipolar plates using the Technology. The supply agreement shall include the following key terms:

- a. During the Exclusive Supplier Period, Seller shall be the exclusive supplier of conductive plastic material (“ElectriPlast”) used by Purchaser for the manufacture of bi-polar plates using the Technology, and Purchaser shall only use ElectriPlast for its bipolar plates;
- b. During the Exclusive Supplier Period, Seller shall supply ElectriPlast at a mutually agreeable price, and upon the expiration of the Exclusive Supplier Period, Seller shall have the right to match any third-party supplier price to maintain its exclusive supplier role with Purchaser.
- c. During the Exclusive Supplier Period, the Purchaser shall be the Seller’s sole customer and Seller shall not market, sell, transfer, or distribute the ElectriPlast material to any third party without Purchaser’s written consent. During the Exclusive Supplier Period, Purchaser shall be the Seller’s exclusive distributor of ElectriPlast for use with the Technology.

16.2 Third-Party Supplier. Until the parties enter into an exclusive supplier agreement, Purchaser shall have the right to purchase materials as needed from any third-party supplier, to continue its development of the bipolar plate for commercialization in energy storage devices. In the event Purchaser enters into a supply agreement with a third-party supplier to secure the availability of materials for its biplate development and commercialization efforts, Purchaser shall not be required to enter into an exclusive supplier agreement with the Seller as stated in Section 16.1, but make best effort to enter into a non-exclusive supplier agreement with Seller that does not disadvantage Purchaser from any existing supplier agreement it may have with a third-party supplier.”

8. The Parties agree to add Sections 17 and 17.1 with the following:

“17. CHANGE IN CONTROL.

17.1 Change in Control. In the event either company becomes the target of an acquisition or merger, where its common shareholders, immediately prior to a merger or acquisition, owns less than fifty percent (50%) of the outstanding common stock of the acquiring entity or, in the case of a merger transaction, the surviving corporation, the following shall occur:

- a. If Integral is the acquired or merged company, then all unpaid payments and stock owed to Integral by Pivotal shall be deferred until December 31, 2027 and Section 2.2(d) shall no longer remain in effect and the Seller shall no longer have board representation on Pivotal’s board of directors.
- b. If Pivotal is the acquired or merged company, then all unpaid payments and stock owed to Integral by Pivotal shall be due and payable in full sixty (60) days after the closing of the transaction.”

9. Except for the amendment stated above, no other provisions of the Agreement are amended and it shall remain in full force and effect.

IN WITNESS WHEREOF, the parties have executed this Amendment as of the day and date first above written.

Pivotal Battery Corp.

By: _____
Name: Richard Bogan
Title: Managing Director

Integral Technologies, Inc.

By: _____
Name: Doug Bathauer
Title Chief Executive Officer

Promissory Note And Security Agreement

U.S. \$ _____

Issuance Date: _____, 20__

The undersigned maker ("Maker") promises to pay to the order of _____, a Delaware limited liability company (the "Lender") the principal sum of U.S. \$ _____, together with interest accruing thereon from the date hereof at the rate and time hereinafter provided.

Interest (computed on the basis of a 360-day year for the actual number of days elapsed) on the outstanding balance of principal evidenced by this Promissory Note and Security Agreement ("Note") shall accrue at a rate per annum equal to 8%.

On the **10th month anniversary** of the Issuance Date of this Note (the "Maturity Date"), all outstanding principal, accrued and unpaid interest and all other amounts due and payable hereunder shall be immediately due and payable in full; provided however, the Maturity Date of this Note will be extended an additional six months if at the time of the Maturity Date the Company is current in its Securities Exchange Act of 1934 filings ("34 Act Filings") and its common stock is listed or quoted (and there must be a bid) on a national securities exchange or the OTC Markets. **The proceeds of this Note shall be strictly used in accordance with that certain Escrow Agent Agreement dated the same date of the Issuance Date among the Maker, the Lender and Nason Yeager Gerson Harris & Fumero, P.A.**

This Note also creates a lien on and grants a first priority security interest in all of Maker's Accounts, Goods, Inventory, Equipment, Investment Property, General Intangibles, Instruments, Documents, and all other assets and personal property of the Maker, wherever located, together with all the proceeds now or hereafter arising in connection therewith (the "Collateral"). This Note shall also constitute a security agreement under the New York Uniform Commercial Code or other law applicable to the creation of liens on personal property. Capitalized terms used in this paragraph shall have the meanings that are given to them under the New York Uniform Commercial Code. Maker acknowledges and agrees that Lender shall have the right to file a UCC-1 financing statement and any renewals and continuations thereof or other documents as Lender may reasonably require with respect to this security interest. If a default occurs under this Note, Lender shall have all rights and remedies of a secured party under the New York Uniform Commercial Code.

The failure of Maker to pay to Lender (as required under this Note) promptly within 10 days after written notice from Lender that amounts are due and payable under this Note shall constitute an event or default under this Note.

During the first six months of this Note, the Maker shall engage a third-party consultant (pre-approved by the Lender) to assist in the Maker's corporate restructuring and preparation of the filing of the Maker's 34 Act Filings. Any such failure to engage such third-party consultant, subject to a 10-day cure period, shall be an event of default.

At any time after the occurrence of any event of default, the indebtedness evidenced by this Note and/or any note(s) or other obligation(s) which may be taken in renewal, extension, substitution or modification of all or any part of the indebtedness evidenced thereby and all other obligations of Maker to Lender howsoever created and existing shall, at the option of the Lender in its sole discretion, immediately become due and payable without demand upon or notice to Maker, and Lender shall be entitled to exercise all remedies as provided by law and/or equity.

Maker hereby waives presentment for payment, demand, notice of dishonor and protest and agrees that (i) any collateral, lien or right of setoff securing any indebtedness evidenced by this Note may, from time to time, in whole or in part, be exchanged or released, and any person liable on or with respect to this Note may be released, all without notice to or further reservations of rights against Maker, any endorser, surety or guarantor and all without in any way affecting or releasing the liability of Maker, any endorser, surety or guarantor, and (ii) none of the terms or provisions hereof may be waived, altered, modified or amended except as Lender may consent thereto in writing.

Maker hereby agrees to pay all actual out-of-pocket costs and expenses, including reasonable attorneys' fees, incurred by Lender in the collection of the indebtedness evidenced by this Note, in enforcing any of the rights, powers, remedies and privileges of Lender hereunder, or in connection with any further negotiations, modifications, releases, or otherwise incurred by Lender in connection with this Note. As used in this Note, the term "attorneys' fees" shall mean reasonable actual out-of-pocket charges and expenses for legal services rendered to or on behalf of Lender in connection with the collection of the indebtedness evidenced by this Note at any time whether prior to the commencement of judicial proceedings and/or thereafter at the trial and/or appellate level and/or in pre-judgment and post-judgment or bankruptcy proceedings.

In no event shall the rate of interest charged under this Note exceed the rate that may legally be charged to Maker for obligations of this nature under the laws of the State of Nevada, and any interest that may be paid in excess of the legal limit shall, at the option of Lender, be refunded to Maker or shall be applied towards payment of the principal obligation under this Note.

Each party hereto irrevocably and unconditionally submits to the jurisdiction of the courts of the State of New York sitting in New York County, and of the United States District Court of the Southern District of New York and agrees that any such action, litigation, or proceeding may be brought in any such New York State court or, to the fullest extent permitted by applicable law, in such federal court. Each party hereto agrees that a final judgment in any such action, litigation, or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing herein shall affect any right that the Lender may otherwise have to bring any action or proceeding relating to this Note against Maker or its properties in the courts of any jurisdiction.

Notwithstanding the foregoing, Lender, in its sole discretion, may elect for arbitration in connection with this Note as follows:

Any disputes, claims, or controversies arising out of or relating to this Note, or the breach, termination, enforcement, interpretation or validity thereof, including the determination of the scope or applicability of this agreement to arbitrate, shall be referred to and resolved solely and exclusively by binding arbitration to be conducted before the Judicial Arbitration and Mediation Service ("JAMS"), or its successor pursuant to the expedited procedures set forth in the JAMS Comprehensive Arbitration Rules and Procedures (the "Rules"), including Rules 16.1 and 16.2 of those Rules. The arbitration shall be held in New York, New York, before a tribunal consisting of three arbitrators each of whom will be selected in accordance with the "strike and rank" methodology set forth in Rule 15. Either party to this Note may, without waiving any remedy under this Note, seek from any federal or state court sitting in the State of New York any interim or provisional relief that is necessary to protect the rights or property of that party, pending the establishment of the arbitral tribunal. The costs and expenses of such arbitration shall be paid by and be the sole responsibility of Maker, including but not limited to the Maker's attorneys' fees, and each arbitrator's fees. The arbitrators' decision must set forth a reasoned basis for any award of damages or finding of liability. The arbitrators' decision and award will be made and delivered as soon as reasonably possible and in any case within 60 days following the conclusion of the arbitration hearing and shall be final and binding on the parties and may be entered by any court having jurisdiction thereof.

To the extent that Lender receives any payment on account of any of Maker's obligations, and any such payment(s) or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside, subordinate and/or required to be repaid to a trustee, receiver or any other person or entity under any bankruptcy act, state or federal law, common law or equitable cause, then, to the extent of such payment(s) received, Maker's obligations or part thereof intended to be satisfied shall be revived and continue in full force and effect, as if such payment(s) had not been received by Lender and applied on account of Maker's obligations.

Maker agrees that this Note shall be deemed to have been made under and shall be governed by the laws of the State of Nevada in all respects, including matters of construction, validity and performance. If any provisions of this Note shall be deemed unenforceable under applicable law, such provision shall be ineffective, but only to the extent of such unenforceability, without invalidating the remainder of such provision or the remaining provisions of this Note. All of the terms and provisions of this Note shall be applicable to and be binding upon each and every maker, endorser, surety, guarantor, all other persons who are or may become liable for the payment hereof and their heirs, personal representatives, successors or assigns.

Time is of the essence as to each provision of this Note which requires Maker to take any action within a specified time period.

MAKER AND LENDER (BY ACCEPTING THIS NOTE) HEREBY MUTUALLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT BY EITHER MAKER OR LENDER AGAINST THE OTHER AND BASED UPON, ARISING OUT OF, OR IN CONNECTION WITH, THIS NOTE, OR OTHER DOCUMENTS SECURING OR EXECUTED IN CONNECTION WITH THIS NOTE.

At any time the Maker may prepay all or any portion of the principal amount of this Note and any accrued and unpaid interest without penalty.

IN WITNESS WHEREOF, the Maker has executed this Note as of _____.

INTEGRAL TECHNOLOGIES, INC.
a Nevada corporation

By: _____
Douglas Bathauer, its Chief Executive Officer

NEITHER THE ISSUANCE NOR SALE OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE NOR THE SECURITIES INTO WHICH THESE SECURITIES ARE CONVERTIBLE HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR APPLICABLE STATE SECURITIES LAWS. THE SECURITIES MAY NOT BE OFFERED FOR SALE, SOLD, TRANSFERRED OR ASSIGNED (I) IN THE ABSENCE OF (A) AN EFFECTIVE REGISTRATION STATEMENT FOR THE SECURITIES UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR (B) AN OPINION OF COUNSEL (WHICH COUNSEL SHALL BE SELECTED BY THE HOLDER), IN A GENERALLY ACCEPTABLE FORM, THAT REGISTRATION IS NOT REQUIRED UNDER SAID ACT OR (II) UNLESS SOLD PURSUANT TO RULE 144 OR RULE 144A UNDER SAID ACT. NOTWITHSTANDING THE FOREGOING, THE SECURITIES MAY BE PLEDGED IN CONNECTION WITH A BONA FIDE MARGIN ACCOUNT OR OTHER LOAN OR FINANCING ARRANGEMENT SECURED BY THE SECURITIES.

Principal Amount: \$469,760.00

Issue Date: May 11, 2017

REPLACEMENT CONVERTIBLE PROMISSORY NOTE

FOR VALUE RECEIVED, INTEGRAL TECHNOLOGIES, INC., a Nevada corporation (hereinafter called the "Borrower"), hereby promises to pay to the order of SBI INVESTMENTS LLC, 2014-1, a Delaware limited liability company, or registered assigns (the "Holder") the principal sum of \$469,760.00 (the "Principal Amount") (which includes up to \$469,760.00 of principal owed under the those certain convertible promissory notes issued by the Borrower to JMJ Financial, a sole proprietorship ("Assignor") on May 5th 2016, in the principal amount of \$1,000,000.00, respectively (to be referred to herein as the "Original Note"), together with interest at the rate of twelve percent (12%) per annum, at maturity or upon acceleration or otherwise, as set forth herein (the "Note"). The maturity date shall be six (6) months from closing date of the assignment of each respective tranche by Assignor to the Holder (each a "Maturity Date"), and is the date upon which the principal sum from that respective tranche, as well as any accrued and unpaid interest and other fees from that respective tranche shall be due and payable. **This Note is being issued by the Borrower to the Holder to cure all existing defaults under the respective assigned portion of the Original Note, extend the maturity date, and to evidence the assignment by Assignor of up to \$469,760.00 of principal owed under the Original Note to Holder.** This Note may not be prepaid in whole or in part except as otherwise explicitly set forth herein. Any amount of principal or interest on this Note, which is not paid by the Maturity Date, shall bear interest at the rate of the lesser of (i) twenty four percent (24%) per annum or (ii) the maximum amount allowed by law, from the due date thereof until the same is paid ("Default Interest"). Interest shall commence accruing on the date that the Note is fully paid and shall be computed on the basis of a 365-day year and the actual number of days elapsed. All payments due hereunder (to the extent not converted into the Borrower's common stock (the

"Common Stock") in accordance with the terms hereof) shall be made in lawful money of the United States of America. All payments shall be made at such address as the Holder shall hereafter give to the Borrower by written notice made in accordance with the provisions of this Note. Whenever any amount expressed to be due by the terms of this Note is due on any day which is not a business day, the same shall instead be due on the next succeeding day which is a business day and, in the case of any interest payment date which is not the date on which this Note is paid in full, the extension of the due date thereof shall not be taken into account for purposes of determining the amount of interest due on such date. As used in this Note, the term "business day" shall mean any day other than a Saturday, Sunday or a day on which commercial banks in the city of New York, New York are authorized or required by law or executive order to remain closed.

This Note is free from all taxes, liens, claims and encumbrances with respect to the issue thereof and shall not be subject to preemptive rights or other similar rights of shareholders of the Borrower and will not impose personal liability upon the holder thereof.

The following additional terms shall also apply to this Note:

ARTICLE I. CONVERSION RIGHTS

1.1 Conversion Right. The Holder shall have the right at any time to convert all or any part of the outstanding and unpaid principal amount and accrued and unpaid interest of this Note into fully paid and non-assessable shares of Common Stock, as such Common Stock exists on the Issue Date, or any shares of capital stock or other securities of the Borrower into which such Common Stock shall hereafter be changed or reclassified at the conversion price (the "Conversion Price") determined as provided herein (a "Conversion"); provided, however, that in no event shall the Holder be entitled to convert any portion of this Note in excess of that portion of this Note upon conversion of which the sum of (1) the number of shares of Common Stock beneficially owned by the Holder and its affiliates (other than shares of Common Stock which may be deemed beneficially owned through the ownership of the unconverted portion of the Notes or the unexercised or unconverted portion of any other security of the Borrower subject to a limitation on conversion or exercise analogous to the limitations contained herein) and (2) the number of shares of Common Stock issuable upon the conversion of the portion of this Note with respect to which the determination of this proviso is being made, would result in beneficial ownership by the Holder and its affiliates of more than 9.99% of the outstanding shares of Common Stock. For purposes of the proviso to the immediately preceding sentence, beneficial ownership shall be determined in accordance with Section 13(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and Regulations 13D-G thereunder, except as otherwise provided in clause (1) of such proviso. The number of shares of Common Stock to be issued upon each conversion of this Note shall be determined by dividing the Conversion Amount (as defined below) by the applicable Conversion Price then in effect on the date specified in the notice of conversion, in the form attached hereto as Exhibit A (the "Notice of Conversion"), delivered to the Borrower by the Holder in accordance with Section 1.4 below; provided that the Notice of Conversion is submitted by facsimile or e-mail (or by other means resulting in, or reasonably expected to result in, notice) to the Borrower before 6:00 p.m., New York, New York time on such conversion date (the "Conversion Date"). The term "Conversion Amount" means, with respect to any conversion of

this Note, the sum of (1) the principal amount of this Note to be converted in such conversion plus (2) at the Holder's option, accrued and unpaid interest, if any, on such principal amount at the interest rates provided in this Note to the Conversion Date, plus (3) at the Holder's option, Default Interest, if any, on the amounts referred to in the immediately preceding clauses (1) and/or (2) plus (4) at the Holder's option, any amounts owed to the Holder pursuant to Sections 1.3 and 1.4(g) hereof.

(a) Calculation of Conversion Price. The Conversion Price shall be the Variable Conversion Price (as defined herein) (subject, in each case, to equitable adjustments for stock splits, stock dividends or rights offerings by the Borrower relating to the Borrower's securities or the securities of any subsidiary of the Borrower, combinations, recapitalization, reclassifications, extraordinary distributions and similar events) (also subject to adjustment as further described herein). The "Variable Conversion Price" shall mean 65% multiplied by the Market Price (as defined herein) (representing a discount rate of 35%). "Market Price" means the lowest two (2) Trading Prices (as defined below) for the Common Stock during the twenty one (21) Trading Day period ending on the last complete Trading Day prior to the Conversion Date. "Trading Prices" means, for any security as of any date, the lowest traded price on the Over-the-Counter Pink Marketplace, OTCQB, or applicable trading market (the "OTCQB") as reported by a reliable reporting service ("Reporting Service") designated by the Holder (i.e. www.Nasdaq.com) or, if the OTCQB is not the principal trading market for such security, on the principal securities exchange or trading market where such security is listed or traded or, if the lowest intraday trading price of such security is not available in any of the foregoing manners, the lowest intraday price of any market makers for such security that are quoted on the OTC Markets. If the Trading Prices cannot be calculated for such security on such date in the manner provided above, the Trading Prices shall be the fair market value as mutually determined by the Borrower and the holders of a majority in interest of the Notes being converted for which the calculation of the Trading Prices are required in order to determine the Conversion Price of such Notes. "Trading Day" shall mean any day on which the Common Stock is tradable for any period on the OTCQB, or on the principal securities exchange or other securities market on which the Common Stock is then being traded. If at any time while this Note is outstanding, an Event of Default (as defined herein) occurs, then an additional discount of five percent (5%) shall be factored into the Variable Conversion Price until this Note is no longer outstanding (resulting in a discount rate of 40%).

Each time, while this Note is outstanding, the Borrower enters into a Section 3(a)(9) transaction (including but not limited to the issuance of new promissory notes or of a replacement promissory note), or Section 3(a)(10) transaction, in which any 3rd party has the right to convert monies owed to that 3rd party (or receive shares pursuant to a settlement or otherwise) at a discount to market greater than the Variable Conversion Price in effect at that time (prior to all other applicable adjustments in the Note), then the Variable Conversion Price shall be automatically adjusted to such greater discount percentage (prior to all applicable adjustments in this Note) until this Note is no longer outstanding. Each time, while this Note is outstanding, the Borrower enters into a Section 3(a)(9) transaction (including but not limited to the issuance of new promissory notes or of a replacement promissory note), or Section 3(a)(10) transaction, in which any 3rd party

has a look back period greater than the look back period in effect under the Note at that time (currently a twenty (20) Trading Day look back period as described in this Section 1.2(a) applies), then the Holder's look back period shall automatically be adjusted to such greater number of days until this Note is no longer outstanding. The Borrower shall give written notice to the Holder, with the adjusted Variable Conversion Price and/or adjusted look back period (each adjustment that is applicable due to the triggering event), within one (1) business day of an event that requires any adjustment described in the two immediately preceding sentences. So long as this Note is outstanding, if any security of the Borrower contains any term more favorable to the holder of such security or with a term in favor of the holder of such security that was not similarly provided to the Holder in this Note, then the Borrower shall notify the Holder of such additional or more favorable term and such term, at Holder's option, shall become a part of the transaction documents with the Holder.

(b) Authorized Shares. The Borrower covenants that during the period the conversion right exists, the Borrower will reserve from its authorized and unissued Common Stock a sufficient number of shares, free from preemptive rights, to provide for the issuance of Common Stock upon the full conversion of this Note. The Borrower is required at all times to have authorized and reserved three times the number of shares that is actually issuable upon full conversion of the Note (based on the Conversion Price of the Notes in effect from time to time) (the "Reserved Amount"). The Reserved Amount shall be increased from time to time in accordance with the Borrower's obligations hereunder. The Borrower represents that upon issuance, such shares will be duly and validly issued, fully paid and non-assessable. In addition, if the Borrower shall issue any securities or make any change to its capital structure which would change the number of shares of Common Stock into which the Notes shall be convertible at the then current Conversion Price, the Borrower shall at the same time make proper provision so that thereafter there shall be a sufficient number of shares of Common Stock authorized and reserved, free from preemptive rights, for conversion of the outstanding Notes. The Borrower (i) acknowledges that it has irrevocably instructed its transfer agent to issue certificates for the Common Stock issuable upon conversion of this Note, and agrees that its issuance of this Note shall constitute full authority to its officers and agents who are charged with the duty of executing stock certificates to execute and issue the necessary certificates for shares of Common Stock in accordance with the terms and conditions of this Note.

If, at any time the Borrower does not maintain the Reserved Amount it will be considered an Event of Default under Section 3.2 of the Note.

13 Method of Conversion.

(a) Mechanics of Conversion. Subject to Section 1.1, this Note may be converted by the Holder in whole or in part at any time from time to time after the Issue Date, by (A) submitting to the Borrower a Notice of Conversion (by facsimile, e-mail or other reasonable means of communication dispatched on the Conversion Date prior to 6:00 p.m., New York, New York time) and (B) subject to Section 1.4(b), surrendering this Note at the principal office of the Borrower.

(b) Surrender of Note Upon Conversion. Notwithstanding anything to the contrary set forth herein, upon conversion of this Note in accordance with the terms hereof, the Holder shall not be required to physically surrender this Note to the Borrower unless the entire unpaid principal amount of this Note is so converted. The Holder and the Borrower shall maintain records showing the principal amount so converted and the dates of such conversions or shall use such other method, reasonably satisfactory to the Holder and the Borrower, so as not to require physical surrender of this Note upon each such conversion. In the event of any dispute or discrepancy, such records of the Borrower shall, *prima facie*, be controlling and determinative in the absence of manifest error. Notwithstanding the foregoing, if any portion of this Note is converted as aforesaid, the Holder may not transfer this Note unless the Holder first physically surrenders this Note to the Borrower, whereupon the Borrower will forthwith issue and deliver upon the order of the Holder a new Note of like tenor, registered as the Holder (upon payment by the Holder of any applicable transfer taxes) may request, representing in the aggregate the remaining unpaid principal amount of this Note. The Holder and any assignee, by acceptance of this Note, acknowledge and agree that, by reason of the provisions of this paragraph, following conversion of a portion of this Note, the unpaid and unconverted principal amount of this Note represented by this Note may be less than the amount stated on the face hereof.

(c) Payment of Taxes. The Borrower shall not be required to pay any tax which may be payable in respect of any transfer involved in the issue and delivery of shares of Common Stock or other securities or property on conversion of this Note in a name other than that of the Holder (or in street name), and the Borrower shall not be required to issue or deliver any such shares or other securities or property unless and until the person or persons (other than the Holder or the custodian in whose street name such shares are to be held for the Holder's account) requesting the issuance thereof shall have paid to the Borrower the amount of any such tax or shall have established to the satisfaction of the Borrower that such tax has been paid.

(d) Delivery of Common Stock Upon Conversion. Upon receipt by the Borrower from the Holder of a facsimile transmission or e-mail (or other reasonable means of communication) of a Notice of Conversion meeting the requirements for conversion as provided in this Section 1.4, the Borrower shall issue and deliver or cause to be issued and delivered to or upon the order of the Holder certificates for the Common Stock issuable upon such conversion within three (3) business days after such receipt (the "Deadline") (and, solely in the case of conversion of the entire unpaid principal amount hereof, surrender of this Note) in accordance with the terms hereof.

(e) Obligation of Borrower to Deliver Common Stock. Upon receipt by the Borrower of a Notice of Conversion, the Holder shall be deemed to be the holder of record of the Common Stock issuable upon such conversion, the outstanding principal amount and the amount of accrued and unpaid interest on this Note shall be reduced to reflect such conversion, and, unless the Borrower defaults on its obligations under this Article I, all rights with respect to the portion of this Note being so converted shall forthwith terminate except the right to receive the Common Stock or other securities, cash or other assets, as herein provided, on such conversion. If the Holder shall have given a Notice of Conversion as provided herein, the Borrower's obligation to issue and deliver the certificates for Common Stock shall be absolute and unconditional, irrespective of the

absence of any action by the Holder to enforce the same, any waiver or consent with respect to any provision thereof, the recovery of any judgment against any person or any action to enforce the same, any failure or delay in the enforcement of any other obligation of the Borrower to the holder of record, or any setoff, counterclaim, recoupment, limitation or termination, or any breach or alleged breach by the Holder of any obligation to the Borrower, and irrespective of any other circumstance which might otherwise limit such obligation of the Borrower to the Holder in connection with such conversion. The Conversion Date specified in the Notice of Conversion shall be the Conversion Date so long as the Notice of Conversion is received by the Borrower before 6:00 p.m., New York, New York time, on such date.

(f) Delivery of Common Stock by Electronic Transfer. In lieu of delivering physical certificates representing the Common Stock issuable upon conversion, provided the Borrower is participating in the Depository Trust Company ("DTC") Fast Automated Securities Transfer ("FAST") program, upon request of the Holder and its compliance with the provisions contained in Section 1.1 and in this Section 1.4, the Borrower shall use its best efforts to cause its transfer agent to electronically transmit the Common Stock issuable upon conversion to the Holder by crediting the account of Holder's Prime Broker with DTC through its Deposit Withdrawal Agent Commission ("DWAC") system.

(g) Failure to Deliver Common Stock Prior to Deadline. Without in any way limiting the Holder's right to pursue other remedies, including actual damages and/or equitable relief, the parties agree that if delivery of the Common Stock issuable upon conversion of this Note is not delivered by the Deadline (other than a failure due to the circumstances described in Section 1.3 above, which failure shall be governed by such Section) the Borrower shall pay to the Holder \$2,000 per day in cash, for each day beyond the Deadline that the Borrower fails to deliver such Common Stock (unless such failure results from war, acts of terrorism, an epidemic, or natural disaster). Such cash amount shall be paid to Holder by the fifth day of the month following the month in which it has accrued or, at the option of the Holder (by written notice to the Borrower by the first day of the month following the month in which it has accrued), shall be added to the principal amount of this Note, in which event interest shall accrue thereon in accordance with the terms of this Note and such additional principal amount shall be convertible into Common Stock in accordance with the terms of this Note. The Borrower agrees that the right to convert is a valuable right to the Holder. The damages resulting from a failure, attempt to frustrate, interference with such conversion right are difficult if not impossible to quantify. Accordingly the parties acknowledge that the liquidated damages provision contained in this Section 1.4(g) are justified.

14 Concerning the Shares. The shares of Common Stock issuable upon conversion of this Note may not be sold or transferred unless (i) such shares are sold pursuant to an effective registration statement under the Act or (ii) the Borrower or its transfer agent shall have been furnished with an opinion of counsel (which opinion shall be in form, substance and scope customary for opinions of counsel in comparable transactions) to the effect that the shares to be sold or transferred may be sold or transferred pursuant to an exemption from such registration or (iii) such shares are sold or transferred pursuant to Rule 144 under the Act (or a successor rule) ("Rule 144") or (iv) such shares are transferred to an "affiliate" (as defined in Rule 144) of the Borrower who agrees to sell or otherwise transfer the shares only in accordance with this Section

1.5 and who is an Accredited Investor. Except as otherwise provided (and subject to the removal provisions set forth below), until such time as the shares of Common Stock issuable upon conversion of this Note have been registered under the Act or otherwise may be sold pursuant to Rule 144 without any restriction as to the number of securities as of a particular date that can then be immediately sold, each certificate for shares of Common Stock issuable upon conversion of this Note that has not been so included in an effective registration statement or that has not been sold pursuant to an effective registration statement or an exemption that permits removal of the legend, shall bear a legend substantially in the following form, as appropriate:

“NEITHER THE ISSUANCE AND SALE OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE NOR THE SECURITIES INTO WHICH THESE SECURITIES ARE EXERCISABLE HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR APPLICABLE STATE SECURITIES LAWS. THE SECURITIES MAY NOT BE OFFERED FOR SALE, SOLD, TRANSFERRED OR ASSIGNED (I) IN THE ABSENCE OF (A) AN EFFECTIVE REGISTRATION STATEMENT FOR THE SECURITIES UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR (B) AN OPINION OF COUNSEL (WHICH COUNSEL SHALL BE SELECTED BY THE HOLDER), IN A GENERALLY ACCEPTABLE FORM, THAT REGISTRATION IS NOT REQUIRED UNDER SAID ACT OR (II) UNLESS SOLD PURSUANT TO RULE 144 OR RULE 144A UNDER SAID ACT. NOTWITHSTANDING THE FOREGOING, THE SECURITIES MAY BE PLEDGED IN CONNECTION WITH A BONA FIDE MARGIN ACCOUNT OR OTHER LOAN OR FINANCING ARRANGEMENT SECURED BY THE SECURITIES.”

The legend set forth above shall be removed and the Borrower shall issue to the Holder a new certificate therefore free of any transfer legend if (i) the Borrower or its transfer agent shall have received an opinion of counsel, in form, substance and scope customary for opinions of counsel in comparable transactions, to the effect that a public sale or transfer of such Common Stock may be made without registration under the Act, which opinion shall be accepted by the Borrower so that the sale or transfer is effected or (ii) in the case of the Common Stock issuable upon conversion of this Note, such security is registered for sale by the Holder under an effective registration statement filed under the Act or otherwise may be sold pursuant to Rule 144 without any restriction as to the number of securities as of a particular date that can then be immediately sold. In the event that the Borrower does not accept the opinion of counsel provided by the Holder with respect to the transfer of Securities pursuant to an exemption from registration, such as Rule 144 or Regulation S, at the Deadline, it will be considered an Event of Default pursuant to Section 3.2 of the Note.

15 Trading Market Limitations. Unless permitted by the applicable rules and regulations of the principal securities market on which the Common Stock is then listed or traded, in no event shall the Borrower issue upon conversion of or otherwise pursuant to this Note more than the maximum number of shares of Common Stock that the Borrower can issue pursuant to any rule of the principal United States securities market on which the Common Stock is then traded (the “Maximum Share Amount”), which shall be 9.99% of the total shares currently

outstanding, subject to equitable adjustment from time to time for stock splits, stock dividends, combinations, capital reorganizations and similar events relating to the Common Stock occurring after the date hereof. Once the Maximum Share Amount has been issued, if the Borrower fails to eliminate any prohibitions under applicable law or the rules or regulations of any stock exchange, interdealer quotation system or other self-regulatory organization with jurisdiction over the Borrower or any of its securities on the Borrower's ability to issue shares of Common Stock in excess of the Maximum Share Amount, in lieu of any further right to convert this Note, this will be considered an Event of Default under Section 3.3 of the Note.

16 Status as Shareholder. Upon submission of a Notice of Conversion by a Holder, (i) the shares covered thereby (other than the shares, if any, which cannot be issued because their issuance would exceed such Holder's allocated portion of the Reserved Amount or Maximum Share Amount) shall be deemed converted into shares of Common Stock and (ii) the Holder's rights as a Holder of such converted portion of this Note shall cease and terminate, excepting only the right to receive certificates for such shares of Common Stock and to any remedies provided herein or otherwise available at law or in equity to such Holder because of a failure by the Borrower to comply with the terms of this Note. Notwithstanding the foregoing, if a Holder has not received certificates for all shares of Common Stock prior to the tenth (10th) business day after the expiration of the Deadline with respect to a conversion of any portion of this Note for any reason, then (unless the Holder otherwise elects to retain its status as a holder of Common Stock by so notifying the Borrower) the Holder shall regain the rights of a Holder of this Note with respect to such unconverted portions of this Note and the Borrower shall, as soon as practicable, return such unconverted Note to the Holder or, if the Note has not been surrendered, adjust its records to reflect that such portion of this Note has not been converted. In all cases, the Holder shall retain all of its rights and remedies (including, without limitation, (i) the right to receive Conversion Default Payments pursuant to Section 1.3 to the extent required thereby for such Conversion Default and any subsequent Conversion Default and (ii) the right to have the Conversion Price with respect to subsequent conversions determined in accordance with Section 1.3) for the Borrower's failure to convert this Note.

ARTICLE II. CERTAIN COVENANTS

2.1 Distributions on Capital Stock. So long as the Borrower shall have any obligation under this Note, the Borrower shall not without the Holder's written consent (a) pay, declare or set apart for such payment, any dividend or other distribution (whether in cash, property or other securities) on shares of capital stock other than dividends on shares of Common Stock solely in the form of additional shares of Common Stock or (b) directly or indirectly or through any subsidiary make any other payment or distribution in respect of its capital stock except for distributions pursuant to any shareholders' rights plan which is approved by a majority of the Borrower's disinterested directors.

2.2 Restriction on Stock Repurchases. So long as the Borrower shall have any obligation under this Note, the Borrower shall not without the Holder's written consent redeem, repurchase or otherwise acquire (whether for cash or in exchange for property or

other securities or otherwise) in any one transaction or series of related transactions any shares of capital stock of the Borrower or any warrants, rights or options to purchase or acquire any such shares.

ARTICLE III. EVENTS OF DEFAULT

If any of the following events of default (each, an “Event of Default”) shall occur:

3.1 Failure to Pay Principal or Interest. The Borrower fails to pay the principal hereof or interest thereon when due on this Note, whether at maturity, upon acceleration or otherwise, and such breach continues for a period of five (5) days.

3.2 Conversion and the Shares. The Borrower fails to reserve a sufficient amount of shares of common stock as required under the terms of this Note (including Section 1.3 of this Note)(and such breach continues for a period of five (5) days from the time the Borrower should have known about the breach) (subject to an initial ninety (90) day waiver after the Issue Date), fails to issue shares of Common Stock to the Holder (or announces or threatens in writing that it will not honor its obligation to do so) upon exercise by the Holder of the conversion rights of the Holder in accordance with the terms of this Note, fails to transfer or cause its transfer agent to transfer (issue) (electronically or in certificated form) shares of Common Stock issued to the Holder upon conversion of or otherwise pursuant to this Note as and when required by this Note, the Borrower directs its transfer agent not to transfer or delays, impairs, and/or hinders its transfer agent in transferring (or issuing) (electronically or in certificated form) shares of Common Stock to be issued to the Holder upon conversion of or otherwise pursuant to this Note as and when required by this Note, or fails to remove (or directs its transfer agent not to remove or impairs, delays, and/or hinders its transfer agent from removing) any restrictive legend (or to withdraw any stop transfer instructions in respect thereof) on any shares of Common Stock issued to the Holder upon conversion of or otherwise pursuant to this Note as and when required by this Note (or makes any written announcement, statement or threat that it does not intend to honor the obligations described in this paragraph) and any such failure shall continue uncured (or any written announcement, statement or threat not to honor its obligations shall not be rescinded in writing) for three (3) business days after the Holder shall have delivered a Notice of Conversion. It is an obligation of the Borrower to remain current in its obligations to its transfer agent. It shall be an event of default of this Note, if a conversion of this Note is delayed, hindered or frustrated due to a balance owed by the Borrower to its transfer agent. If at the option of the Holder, the Holder advances any funds to the Borrower’s transfer agent in order to process a conversion, such advanced funds shall be paid by the Borrower to the Holder within five (5) business days, either in cash or as an addition to the balance of the Note, and such choice of payment method is at the discretion of the Borrower.

3.3 Breach of Covenants. The Borrower breaches any material covenant or other material term or condition contained in this Note and any collateral documents and such breach continues for a period of five (5) days after written notice thereof to the Borrower from the Holder or after ten (10) days after the Borrower should have been aware of the breach.

3.4 Breach of Representations and Warranties. Any representation or warranty of the Borrower made herein or in any agreement, statement or certificate given in writing pursuant hereto or in connection herewith, shall be false or misleading in any material respect when made and the breach of which has (or with the passage of time will have) a material adverse effect on the rights of the Holder with respect to this Note.

3.5 Receiver or Trustee. The Borrower or any subsidiary of the Borrower shall make an assignment for the benefit of creditors, or apply for or consent to the appointment of a receiver or trustee for it or for a substantial part of its property or business, or such a receiver or trustee shall otherwise be appointed.

3.6 Judgments. Any money judgment, writ or similar process shall be entered or filed against the Borrower or any subsidiary of the Borrower or any of its property or other assets for more than \$100,000, and shall remain unvacated, unbonded or unstayed for a period of ten (10) days unless otherwise consented to by the Holder, which consent will not be unreasonably withheld.

3.7 Bankruptcy. Bankruptcy, insolvency, reorganization or liquidation proceedings or other proceedings, voluntary or involuntary, for relief under any bankruptcy law or any law for the relief of debtors shall be instituted by or against the Borrower or any subsidiary of the Borrower.

3.8 Delisting of Common Stock. The Borrower shall fail to maintain the listing or quotation of the Common Stock on the OTCQB or an equivalent replacement exchange, the Nasdaq Global Market, the Nasdaq Capital Market, the New York Stock Exchange, or the NYSE MKT.

3.9 Failure to Comply with the Exchange Act. The Borrower shall fail to comply with the reporting requirements of the Exchange Act (including but not limited to becoming delinquent in its filings), and/or the Borrower shall cease to be subject to the reporting requirements of the Exchange Act.

3.10 Liquidation. Any dissolution, liquidation, or winding up of Borrower or any substantial portion of its business.

3.11 Cessation of Operations. Any cessation of operations by Borrower or Borrower admits it is otherwise generally unable to pay its debts as such debts become due, provided, however, that any disclosure of the Borrower's ability to continue as a "going concern" shall not be an admission that the Borrower cannot pay its debts as they become due.

3.12 Financial Statement Restatement. The Borrower replaces its auditor, or any restatement of any financial statements filed by the Borrower with the SEC for any date or period from two years prior to the Issue Date of this Note and until this Note is no longer outstanding, if the result of such restatement would, by comparison to the unrestated financial statement, have constituted a material adverse effect on the rights of the Holder with respect to this

Note.

3.13 Reverse Splits. The Borrower effectuates a reverse split of its Common Stock without twenty (20) days prior written notice to the Holder.

3.14 Replacement of Transfer Agent. In the event that the Borrower replaces its transfer agent, and the Borrower fails to provide prior to the effective date of such replacement, a fully executed Irrevocable Transfer Agent Instructions (including but not limited to the provision to irrevocably reserve shares of Common Stock in the Reserved Amount) signed by the successor transfer agent to Borrower and the Borrower.

3.15 Cross-Default. Notwithstanding anything to the contrary contained in this Note or the other related or companion documents, a breach or default by the Borrower of any covenant or other term or condition contained in any of the other financial instrument, including but not limited to all convertible promissory notes, currently issued, or hereafter issued, by the Borrower, to the Holder (the "Other Agreements"), after the passage of all applicable notice and cure or grace periods, shall, at the option of the Holder, be considered a default under this Note, in which event the Holder shall be entitled to apply all rights and remedies of the Holder under the terms of this Note by reason of a default under said Other Agreement or hereunder.

3.16 Inside Information. Any attempt by the Borrower or its officers, directors, and/or affiliates to transmit, convey, disclose, or any actual transmittal, conveyance, or disclosure by the Borrower or its officers, directors, and/or affiliates of, material non-public information concerning the Borrower, to the Holder or its successors and assigns, which is not immediately cured by Borrower's filing of a Form 8-K pursuant to Regulation FD on that same date.

3.17 No bid. At any time while this Note is outstanding, the lowest Trading Prices on the OTCQB or other applicable principal trading market for the Common Stock is equal to or less than \$0.0001.

UPON THE OCCURRENCE AND DURING THE CONTINUATION OF ANY EVENT OF DEFAULT SPECIFIED IN SECTION 3.2, THE NOTE SHALL BECOME IMMEDIATELY DUE AND PAYABLE AND THE BORROWER SHALL PAY TO THE HOLDER, IN FULL SATISFACTION OF ITS OBLIGATIONS HEREUNDER, AN AMOUNT EQUAL TO: (Y) THE DEFAULT SUM (AS DEFINED HEREIN); MULTIPLIED BY (Z) TWO (2). Upon the occurrence and during the continuation of any Event of Default specified in Sections 3.1, 3.3, 3.4, 3.5, 3.6, 3.7, 3.8, 3.9, 3.10, 3.11, 3.12, 3.13, 3.14, 3.15, 3.16, and/or 3.17 exercisable through the delivery of written notice to the Borrower by such Holder (the "Default Notice"), the Note shall become immediately due and payable and the Borrower shall pay to the Holder, in full satisfaction of its obligations hereunder, an amount equal to 150% ~~multiplied by the~~ then outstanding entire balance of the Note (including principal and accrued and unpaid interest) ~~plus~~ Default Interest, if any, ~~plus~~ any amounts owed to the Holder pursuant to Sections 1.4(g) hereof (collectively, in the aggregate of all of the above, the "Default Sum"), and all other amounts payable hereunder shall

immediately become due and payable, all without demand, presentment or notice, all of which hereby are expressly waived, together with all costs, including, without limitation, legal fees and expenses, of collection, and the Holder shall be entitled to exercise all other rights and remedies available at law or in equity.

If the Borrower fails to pay the Default Amount within five (5) business days of written notice that such amount is due and payable, then the Holder shall have the right at any time, so long as the Borrower remains in default (and so long and to the extent that there are sufficient authorized shares), to require the Borrower, upon written notice, to immediately issue, in lieu of the Default Amount, the number of shares of Common Stock of the Borrower equal to the Default Amount divided by the Conversion Price then in effect, subject to issuance in tranches due to the beneficial ownership limitations contained in this Note.

ARTICLE IV. MISCELLANEOUS

41 Failure or Indulgence Not Waiver. No failure or delay on the part of the Holder in the exercise of any power, right or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such power, right or privilege preclude other or further exercise thereof or of any other right, power or privileges. All rights and remedies existing hereunder are cumulative to, and not exclusive of, any rights or remedies otherwise available.

42 Notices. All notices, demands, requests, consents, approvals, and other communications required or permitted hereunder shall be in writing and, unless otherwise specified herein, shall be (i) personally served, (ii) deposited in the mail, registered or certified, return receipt requested, postage prepaid, (iii) delivered by reputable air courier service with charges prepaid, or (iv) transmitted by hand delivery, telegram, facsimile, or electronic mail addressed as set forth below or to such other address as such party shall have specified most recently by written notice. Any notice or other communication required or permitted to be given hereunder shall be deemed effective (a) upon hand delivery, upon electronic mail delivery, or delivery by facsimile, with accurate confirmation generated by the transmitting facsimile machine, at the address or number designated below (if delivered on a business day during normal business hours where such notice is to be received), or the first business day following such delivery (if delivered other than on a business day during normal business hours where such notice is to be received) or (b) on the second business day following the date of mailing by express courier service, fully prepaid, addressed to such address, or upon actual receipt of such mailing, whichever shall first occur. The addresses for such communications shall be:

If to the Borrower, to:

INTEGRAL TECHNOLOGIES, INC.
2605 Eastside Park Road Ste. 1
Evansville, IN 47715
Email: dbathauer@itkg.net or
elidusenbury@itkg.net

If to the Holder:

SBI INVESTMENTS LLC, 2014-1
369 Lexington Avenue, 2nd Fl
New York, New York 10017
e-mail: jjuchno@seaotterglobal.com

43 Amendments. This Note and any provision hereof may only be amended by an instrument in writing signed by the Borrower and the Holder. The term "Note" and all reference thereto, as used throughout this instrument, shall mean this instrument as originally executed, or if later amended or supplemented, then as so amended or supplemented.

44 Assignability. This Note shall be binding upon the Borrower and its successors and assigns, and shall inure to be the benefit of the Holder and its successors and assigns. Each transferee of this Note must be an "accredited investor" (as defined in Rule 501(a) of the 1933 Act). Notwithstanding anything in this Note to the contrary, this Note may be pledged as collateral in connection with a bona fide margin account or other lending arrangement.

45 Cost of Collection. If default is made in the payment of this Note, the Borrower shall pay the Holder hereof costs of collection, including reasonable attorneys' fees.

46 Governing Law. This Note shall be governed by and construed in accordance with the laws of the State of Kansas without regard to principles of conflicts of laws. Any action brought by either party against the other concerning the transactions contemplated by this Note shall be brought only in the state and/or federal courts of Johnson County, Kansas. The parties to this Note hereby irrevocably waive any objection to jurisdiction and venue of any action instituted hereunder and shall not assert any defense based on lack of jurisdiction or venue or based upon *forum non conveniens*. The Borrower and Holder waive trial by jury. The prevailing party shall be entitled to recover from the other party its reasonable attorney's fees and costs. In the event that any provision of this Note or any other agreement delivered in connection herewith is invalid or unenforceable under any applicable statute or rule of law, then such provision shall be deemed inoperative to the extent that it may conflict therewith and shall be deemed modified to conform with such statute or rule of law. Any such provision which may prove invalid or unenforceable under any law shall not affect the validity or enforceability of any other provision of any agreement. Each party hereby irrevocably waives personal service of process and consents to process being served in any suit, action or proceeding in connection with this Agreement or any other Transaction Document by mailing a copy thereof via registered or certified mail or overnight delivery (with evidence of delivery) to such party at the address in effect for notices to it under this Agreement and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any other manner permitted by law.

47 Certain Amounts. Whenever pursuant to this Note the Borrower

is required to pay an amount in excess of the outstanding principal amount (or the portion thereof required to be paid at that time) plus accrued and unpaid interest plus Default Interest on such interest, the Borrower and the Holder agree that the actual damages to the Holder from the receipt of cash payment on this Note may be difficult to determine and the amount to be so paid by the Borrower represents stipulated damages and not a penalty and is intended to compensate the Holder in part for loss of the opportunity to convert this Note and to earn a return from the sale of shares of Common Stock acquired upon conversion of this Note at a price in excess of the price paid for such shares pursuant to this Note. The Borrower and the Holder hereby agree that such amount of stipulated damages is not plainly disproportionate to the possible loss to the Holder from the receipt of a cash payment without the opportunity to convert this Note into shares of Common Stock.

4.8 Remedies. The Borrower acknowledges that a breach by it of its obligations hereunder will cause irreparable harm to the Holder, by vitiating the intent and purpose of the transaction contemplated hereby. Accordingly, the Borrower acknowledges that the remedy at law for a breach of its obligations under this Note will be inadequate and agrees, in the event of a breach or threatened breach by the Borrower of the provisions of this Note, that the Holder shall be entitled, in addition to all other available remedies at law or in equity, and in addition to the penalties assessable herein, to an injunction or injunctions restraining, preventing or curing any breach of this Note and to enforce specifically the terms and provisions thereof, without the necessity of showing economic loss and without any bond or other security being required.

4.9 Prepayment. Notwithstanding anything to the contrary contained in this Note, the Borrower may prepay any amount outstanding under this Note, at any time, by making a payment to the Holder of an amount in cash equal to 125% multiplied the amount that the Borrower is prepaying. In order to prepay this Note, the Borrower shall provide notice to the Holder five (5) business days prior to such respective prepayment date, and the Holder must receive such prepayment within twelve (12) business days of the Holder's receipt of the respective prepayment notice, but not sooner than ten (10) business days from the date of notice (the "Prepayment Period"). The Holder may convert the Note in whole or in part at any time during the Prepayment Period.

4.10 Section 3(a)(10) Transactions. If at any time while this Note is outstanding, the Borrower enters into a transaction structured in accordance with, based upon, or related or pursuant to, in whole or in part, Section 3(a)(10) of the Securities Act (a "3(a)(10) Transaction"), then a liquidated damages charge of 100% of the outstanding principal balance of this Note at that time, will be assessed and will become immediately due and payable to the Holder, either in the form of cash payment, an addition to the balance of the Note, or a combination of both forms of payment, as determined by the Holder.


4.11 Reverse Split Penalty. If at any time while this Note is outstanding, the Borrower effectuates a reverse split with respect to the Common Stock, then a liquidated damages charge of 30% of the outstanding principal balance of this Note at that time,

will be assessed and will become immediately due and payable to the Holder, either in the form of cash payment, an addition to the balance of the Note, or a combination of both forms of payment, as determined by the Holder.

4.12 Right of First Refusal. If at any time while this Note is outstanding, the Borrower has a bona fide offer of capital or financing from any 3rd party, that the Borrower intends to act upon, then the Borrower must first offer such opportunity to the Holder to provide such capital or financing to the Borrower on the same terms as each respective 3rd party's terms. Should the Holder be unwilling or unable to provide such capital or financing to the Borrower within 10 trading days from Holder's receipt of written notice of the offer (the "Offer Notice") from the Borrower, then the Borrower may obtain such capital or financing from that respective 3rd party upon the exact same terms and conditions offered by the Borrower to the Holder, which transaction must be completed within 30 days after the date of the Offer Notice. Borrower shall, within two (2) business days of the respective closing, utilize 25% of all proceeds received by Borrower by each respective 3rd party that provides capital or financing to the Borrower, to prepay this Note. If the Borrower does not receive the capital or financing from the respective 3rd party within 30 days after the date of the respective Offer Notice, then the Borrower must again offer the capital or financing opportunity to the Holder as described above, and the process detailed above shall be repeated. The Offer Notice must be sent via electronic mail to adam@ltwocapital.com.

IN WITNESS WHEREOF, Borrower has caused this Note to be signed in its name by its duly authorized officer this May 11, 2017.

INTEGRAL TECHNOLOGIES, INC.

By: 

Name: Doug Bathauer

Title: Chief Executive Officer

EXHIBIT A – NOTICE OF CONVERSION

The undersigned hereby elects to convert \$_____ principal amount of the Note (defined below) into that number of shares of Common Stock to be issued pursuant to the conversion of the Note ("Common Stock") as set forth below, of INTEGRAL TECHNOLOGIES, INC., a Wyoming corporation (the "Borrower") according to the conditions of the convertible note of the Borrower dated as of May 11, 2017 (the "Note"), which was issued in replacement of a portion of the Original Note (as defined in the Note), as of the date written below. No fee will be charged to the Holder for any conversion, except for transfer taxes, if any.

Box Checked as to applicable instructions:

- ☐ The Borrower shall electronically transmit the Common Stock issuable pursuant to this Notice of Conversion to the account of the undersigned or its nominee with DTC through its Deposit Withdrawal Agent Commission system ("DWAC Transfer").

Name of DTC Prime Broker: _____
Account Number: _____

- ☐ The undersigned hereby requests that the Borrower issue a certificate or certificates for the number of shares of Common Stock set forth below (which numbers are based on the Holder's calculation attached hereto) in the name(s) specified immediately below or, if additional space is necessary, on an attachment hereto:

SBI Investments LLC, 2014-1
369 Lexington Ave, 2nd Floor
New York, New York 10017

Date of Conversion: _____
Applicable Conversion Price: \$ _____
Number of Shares of Common Stock to be Issued _____
Pursuant to Conversion of the Notes: _____
Amount of Principal Balance Due remaining _____
Under the Note after this conversion: _____

SBI INVESTMENTS LLC, 2014-1

By: _____
Name: _____
Title: _____
Date: _____

**Original Issue Discount
Promissory Note**

Principal Amount: \$80,000

Date: February 22, 2019

Borrower: Integral Technologies, Inc.
412 Mulberry
Marietta, OH 45750
("Borrower")

Lender: Clark A. Colby Living Trust
6581 University Ave
Des Moines, IA 50322
("Lender")

For value received, Integral Technologies, Inc., a Nevada Corporation (the "Borrower"), promises to pay to Clark A. Colby Living Trust (the "Lender"), the principal sum of Eighty Thousand Dollars (\$80,000) (the "Principal Amount"). The Principal Amount and interest hereof shall be due and payable as set forth in Section 2 below.

I. Original Issue Discount

The Principal Amount of this Note is subject to an original issue discount in the amount of Four Thousand Dollars (\$4,000); as a result, on the date hereof, Lender shall deliver to the Borrower, in cash the amount of Seventy-Six Thousand Dollars (\$76,000).

II. Promise to Pay

Borrower agrees to pay Lender the Principal Amount of Eighty Thousand Dollars (\$80,000), together with interest payable on the unpaid principal at the rate of two percent (2%) per month.

Payment will be delivered to Lender at the aforementioned address or bank wire.

III. Due Date

Note is due on April 23, 2019.

IV. Late Payment Fees

If Borrower defaults in payment by more than 15 days of the time set forth herein, then Borrower shall pay an additional late fee in the amount of Ten Thousand Dollars (\$10,000).

V. Additional Costs

In case of default in the payment of any principal or interest of this Promissory Note, Borrower will pay to Lender such further amount as will be sufficient to cover the cost and expenses of collection, including, without limitation, reasonable attorney's fees, expenses, and disbursements. These costs will be added to the outstanding principal and will become immediately due.

VI. Transfer of the Promissory Note

Borrower hereby waives any notice of the transfer of this Note by Lender or by any subsequent holder of this Note, agrees to remain bound by the terms of this Note subsequent to any transfer, and agrees that the terms of this Note may be fully enforced by any subsequent holder of this Note.

VII. Amendment; Modification; Waiver

No amendment, modification or waiver of any provision of this Promissory Note or consent to departure therefrom shall be effective unless by written agreement signed by both Borrower and Lender.

VIII. Successors

The terms and conditions of this Promissory Note shall inure to the benefit of

and be binding jointly and severally upon the successors, assigns, heirs, survivors and personal representatives of Borrower and shall inure to the benefit of any holder, its legal representatives, successors and assigns.

IX. Breach of Promissory Note

No breach of any provision of this Promissory Note shall be deemed waived unless it is waived in writing. No course of dealing and no delay on the part of Lender in exercising any right will operate as a waiver thereof or otherwise prejudice Lender's rights, powers, or remedies. No right, power, or remedy conferred by this Promissory Note upon Lender will be exclusive of any other rights, power, or remedy referred to in this Note, or now or hereafter available at law, in equity, by statute, or otherwise.

X. Governing Law

The validity, construction and performance of this Promissory Note will be governed by the laws of New York, excluding that body of law pertaining to conflicts of law. Borrower hereby waives presentment, notice of non-payment, notice of dishonor, protest, demand and diligence.

The parties hereby indicate by their signatures below that they have read and agree with the terms and conditions of this agreement in its entirety.

Borrower Signature: _____

Doug Bathauer, CEO
Integral Technologies, Inc

Lender Signature: _____


Clark A. Colby Living Trust

Date: February 22, 2019

12804 CARDINAL LANE
DES MOINES IA 50323
5152743411



www.WestBankStrong.com
72-335/739

PAY *** SEVENTY SIX THOUSAND & 0/100 DOLLARS

PAY

TO THE
ORDER OF

DATE
02/22/19

AMOUNT
\$ **76000.00

INTEGRAL TECHNOLOGIES, INC.



Marilyn J. Colby
AUTHORIZED SIGNATURE

1101096211 10739033541 10111723211

For Deposit Only

San Diego, CA
Miami, FL



Integral Technologies, Inc.
ITKG
TERM SUMMARY
TERM LOAN

<u>Maturity:</u>	6 months
<u>Financing:</u>	\$200,000 net wire amount
<u>Interest:</u>	None
<u>Origination Fee:</u>	None
<u>Conversion Feature:</u>	Not convertible. However, if the issuer defaults on repayment at day 180, the loan becomes convertible at a 50% discount
<u>Warrants:</u>	100% coverage. However, if pre-paid within the first 90 days, coverage decreases to 50% coverage.
<u>Origination Shares:</u>	None
<u>Personal Guarantee:</u>	No personal guarantee is required
<u>Collateral/Security:</u>	No collateral or security is required
<u>No Shorting:</u>	Guarantee no shorting, as per the No Shorting clause in the agreement

****This Term Summary is not part of the Convertible Promissory Note Agreement and is not a contractually binding agreement.*

CONVERTIBLE NOTE

FOR VALUE RECEIVED, **Integral Technologies, Inc.**, a Nevada corporation (the "Issuer" of this Security) with at least 234,000,000 common shares issued and outstanding, issues this Security and promises to pay to JMJ Financial, a Nevada sole proprietorship, or its Assignees (the "Investor") the Principal Sum along with the Interest Rate and any other fees according to the terms herein. This Note will become effective only upon execution by both parties and delivery of the first payment of Consideration by the Investor (the "Effective Date").

The Principal Sum is \$200,000 (two hundred thousand) plus accrued and unpaid interest and any other fees. The Consideration is \$200,000 (two hundred thousand) payable by wire. The Investor shall pay \$200,000 of Consideration upon closing of this Note as the Purchase Price under the Securities Purchase Agreement Document SPA-11162017 of even date herewith between the Issuer and the Investor. The Maturity Date is six months after the Effective Date and is the date upon which the Principal Sum of this Note, as well as any unpaid interest and other fees, shall be due and payable. The Investor may extend any Maturity Date in its sole discretion in increments of up to three months at any time before or after any Maturity Date.

1. **Interest and Repayment.** No interest shall accrue on this Note. The Issuer may repay this Note at any time on or before its Maturity Date. At the Investor's election, so long as any balance remains outstanding on the Note, the Issuer must use the proceeds from any debt or equity financings of the Issuer or any subsidiary of the Issuer to repay the outstanding balance on the Note within two business days after closing of the financing. The Issuer has represented to the Investor that the Issuer anticipates entering into a licensing agreement within 180 days after the Effective Date of this Note from which licensing agreement the Issuer expects to receive at least \$200,000 of proceeds. The Issuer shall use the proceeds of such licensing agreement, first, before any other use, to repay this Note in full within two business days after receiving the proceeds.

2. **Conversion upon Default on Repayment.** In the event the Issuer fails to repay the balance due under this Note on its Maturity Date, or if any other event of default occurs under this Note, the Investor shall have the right, at any time, at its election, to convert all or part of the outstanding and unpaid Principal Sum and accrued interest (and any other fees) into shares of fully paid and non-assessable shares of common stock of the Issuer as per this conversion formula: Number of shares receivable upon conversion equals the dollar conversion amount divided by the Conversion Price. The Conversion Price is the lesser of \$0.05 or 50% of the lowest trade price in the 25 trading days previous to the conversion (In the case that conversion shares are not deliverable by DWAC an additional 10% discount will apply; and if the shares are ineligible for deposit into the DTC system and only eligible for Xclearing deposit an additional 5% discount shall apply; in the case of both an additional cumulative 15% discount shall apply). Unless otherwise agreed in writing by both parties, at no time will the Investor convert any amount of the Note into common stock that would result in the Investor owning more than 4.99% of the common stock outstanding. Conversion notices may be delivered to the Issuer's transfer agent or to the Issuer by method of the Investor's choice (including but not limited to email, facsimile, mail, overnight courier, or personal delivery), and all conversions shall be cashless and not require further payment from the Investor. If no objection is delivered from the Issuer to the Investor regarding any variable or calculation of the conversion notice within 24 hours of delivery of the conversion notice to the Issuer's transfer agent or to the Issuer, the Issuer shall have been thereafter deemed to have irrevocably confirmed and irrevocably ratified such notice of conversion and waived any objection thereto. The Issuer or its transfer agent shall deliver the shares from any conversion to the Investor (in any name directed by the Investor) within 3 (three) business days of conversion notice delivery. The Investor, at any time prior to selling all of the shares from a conversion, may, for any reason, rescind any portion, in whole or in part, of that particular conversion attributable to the unsold shares and have the rescinded conversion amount returned to the Principal Sum with the rescinded conversion shares returned to the Issuer (under the Investor's and the Issuer's expectations that any returned conversion amounts will tack back to the original date of the Note).

3. **Conversion Upon Issuance of a Variable Security.** If, at any time this Note is outstanding, the Issuer issues a Variable Security, then in such event the Investor shall have the right to convert all or any portion of the outstanding balance of this Note into shares of the Issuer's common stock on the same terms as granted in any applicable Variable Security issued by the Issuer (including, for the avoidance of doubt, conversion price, conversion discount, conversion lookback period, method and timing of conversion share delivery, etc.). In addition, this Note shall automatically be deemed to have been amended to include any applicable conversion rights granted pursuant to any such Variable Security that is issued by the Issuer. A Variable Security is any security issued by the Issuer that (i) has or may have conversion rights of any kind, contingent, conditional or otherwise in which the number of shares that may be issued pursuant to such conversion right varies with the market price of the common stock; (ii) is or may become convertible into common stock (including without limitation convertible debt, warrants or convertible preferred stock), with a conversion price that varies with the market price of the common stock, even if such security only becomes convertible following an event of default, the passage of time, or another trigger event or condition; or (iii) was issued or may be issued in the future in exchange for or in connection with any contract or instrument, whether convertible or not, where the number of shares of common stock issued or to be issued is based upon or related in any way to the market price of the common stock, including, but not limited to, common stock issued in connection with a Section 3(a)(9) exchange, a Section 3(a)(10) settlement, or any other similar settlement or exchange.

4. **Reservation of Shares.** At all times during which this Note is outstanding, the Issuer will reserve for the Investor from its authorized and unissued Common Stock a number of shares of not less than five times the number of shares necessary to provide for the issuance of Common Stock upon the full conversion of this Note. The Issuer initially shall reserve 4,000,000 shares of Common Stock for the Investor. The Issuer shall increase the number of shares of common stock of the Issuer reserved for the Investor to not less than 60,000,000 shares (20,000,000 shares if the Note has already been repaid in full) within three business days after the Issuer increases the number of authorized shares of common stock of the Issuer, but in any event no later than March 19, 2018. The Issuer represents that Corporate Stock Transfer Inc. serves as the Issuer's transfer agent as of the Effective Date of this Note. The Issuer acknowledges

that Corporate Stock Transfer Inc. is a party to an irrevocable instruction and share reservation letter agreement between the Issuer, the transfer agent and the Investor regarding this Note. The Issuer agrees that the Issuer's use of Corporate Stock Transfer Inc. as its transfer agent is material to the Investor, that the Issuer may not terminate or replace Corporate Stock Transfer Inc. as the Issuer's transfer agent without obtaining the Investor's written consent thirty days in advance of such termination or replacement, and that the Issuer must provide the Investor, within five business days following the termination, resignation or replacement of Corporate Stock Transfer Inc. or any subsequent transfer agent an irrevocable instruction and share reservation letter, executed by the Issuer and the new transfer agent, providing rights to the Investor identical to the rights provided to the Investor in the irrevocable instruction and share reservation letter between the Issuer, the Investor, and Corporate Stock Transfer Inc. The Issuer further agrees that every provision in the irrevocable instruction and share reservation letter agreement is material to the Investor such that the Investor would not otherwise enter into this Note agreement.

5. **Debt Covenant.** See the terms of the Representations and Warranties Agreement Document RW-11162017, between the Issuer and the Investor. So long as the Note is outstanding, the Issuer shall not, without written consent of the Investor, issue any debt (including, but not limited to any loan, bond, note, debenture, lien, mortgage, debt security, convertible security, or variable rate security) or any Variable Security.

6. **Terms of Future Financings.** So long as this Note is outstanding, upon any issuance by the Issuer or any of its subsidiaries of any security with any term more favorable to the holder of such security or with a term in favor of the holder of such security that was not similarly provided to the Investor in this Note, such term, at the Investor's option, shall become a part of the transaction documents with the Investor. The types of terms contained in another security that may be more favorable to the holder of such security include, but are not limited to, terms addressing conversion rights, conversion discounts, conversion lookback periods, interest rates, original issue discounts, and warrant coverage. The Issuer shall notify the Investor of such additional or more favorable term, including the applicable issuance price, or applicable reset price, exchange price, conversion price, exercise price and other pricing terms, and, at any time while this Note is outstanding, the Investor may request of the Issuer and/or its transfer agent (and they will provide) a schedule of all issuances since the Effective Date of this Note of shares of common stock or of securities entitling the holder thereof to acquire shares of common stock, including, without limitation, any debt, preferred stock, right, option, warrant or other instrument that is convertible into or exercisable or exchangeable for, or otherwise entitles the holder thereof to receive, shares of common stock of the Issuer.

7. **Default.** Each of the following are an event of default under this Note: (i) the Issuer shall fail to pay any principal under the Note when due and payable (or payable by conversion) thereunder; or (ii) the Issuer shall fail to pay any interest or any other amount under the Note when due and payable (or payable by conversion) thereunder; or (iii) the Issuer shall breach or fail to honor any other term of this Note, any term under any other document related to this Note, or any other written agreement between the Issuer and the Investor (collectively, the "Transaction Documents"), including, without limitation, the Issuer's obligation to reserve at all times a sufficient number of shares to provide for the issuance of common stock upon the full conversion of this Note pursuant to Section 4 of this Note; or (iv) the Issuer fails to keep available a sufficient number of authorized, unissued and unreserved shares of common stock (other than shares of common stock reserved for the Investor) to permit the Investor to increase its share reserve to such number of shares as equals not less than five times the outstanding Note balance divided by the closing price of the Issuer's common stock; or (v) the Issuer's failure to increase the number of authorized shares of common stock of the Issuer within sixty days of having a number of authorized, unissued, and unreserved shares of common stock (excluding shares of common stock reserved for the Investor) of less than five times the number of shares necessary to provide for the issuance of common stock upon full conversion of this Note; or (vi) the Issuer terminates or replaces the entity or person serving as the transfer agent for the Issuer without obtaining the previous written consent of the Investor thirty days in advance of such termination or replacement; or (vii) the Issuer's failure to appoint a new transfer agent approved by the Investor (such approval not to be unreasonably withheld) and to provide the Investor, within five business days following termination, resignation or replacement of the current transfer agent, an irrevocable instruction and share reservation letter, executed by the Issuer and the new transfer agent, providing rights to the Investor identical to the rights provided to the Investor in the irrevocable instruction and share reservation letter between the Issuer, the Investor, and the terminated, resigned or replaced transfer agent; or (viii) the Issuer shall become insolvent or generally fails to pay, or admits in writing its inability to pay, its debts as they become due, subject to applicable grace periods, if any; or (ix) the Issuer shall make a general assignment for the benefit of creditors; or (x) the Issuer shall file a petition for relief under any bankruptcy, insolvency or similar law (domestic or foreign); or (xi) an involuntary proceeding shall be commenced or filed against the Issuer; or (xii) the Issuer's common stock has an offering price of \$0.0001 on its principal trading market at any time; or (xiii) the Issuer's market capitalization (the number of shares of common stock issued and outstanding multiplied by the price per share of common stock) is less than \$200,000 at any time or decreases to less than 50% of the market capitalization on the Effective Date; or (xiv) the price per share of the Issuer's common stock decreases to less than 50% of the price per share on the Effective Date; or (xv) the Issuer shall lose its status as "DTC Eligible" or the Issuer's shareholders shall lose the ability to deposit (either electronically or by physical certificates, or otherwise) shares into the DTC System; or (xvi) the Issuer shall fail to file with the SEC, and post on its website in XBRL format, on or before January 22, 2018 both its Form 10-K for the fiscal year ended June 30, 2017 and its Form 10-Q for the quarter ended September 30, 2017; or (xvii) the Issuer shall subsequently become delinquent in its filing requirements as a fully-reporting issuer registered with the SEC; or (xviii) the Issuer shall subsequently fail to meet all requirements to satisfy the availability of Rule 144 to the Investor or its assigns including but not limited to timely fulfillment of its filing requirements as a fully-reporting issuer registered with the SEC, requirements for XBRL filings, and requirements for disclosure of financial statements on its website; or (xix) the Issuer fails to file with the SEC by January 16, 2018 a Preliminary Schedule 14A Notice of Annual Meeting and Proxy Statement calling for a meeting of the Issuer's shareholders to approve, among other things, an increase in the authorized shares of common stock of the Issuer to at least 500,000,000 shares; or (xx) the Issuer fails to file with the SEC by February 5, 2018 the Definitive Schedule 14A Notice of Annual Meeting and Proxy Statement calling for a meeting of the Issuer's shareholders to approve, among other things, an increase in the authorized shares of common stock of the Issuer to at least 500,000,000 shares; or (xxi) the Issuer's shareholders fail to approve the increase in authorized shares of common stock by March 5, 2018; or (xxii) the Issuer fails to cause the increase in

authorized shares of common stock of the Issuer to become effective with the State of Nevada by March 19, 2018; or (xxiii) the Issuer's chief executive officer fails to engage in a telephone call with the Investor upon the request of the Investor at least 36 hours in advance up to once per week with such telephone call generally not to be in excess of 20 minutes.

8. Remedies. For each conversion, in the event that shares are not delivered by the fourth business day (inclusive of the day of conversion), a fee of \$2,000 per day will be assessed for each day after the third business day (inclusive of the day of the conversion) until share delivery is made; and such fee will be added to the Principal Sum of the Note (under the Investor's and the Issuer's expectations that any penalty amounts will tack back to the original date of the Note). Upon each occurrence of any other event of default, the Investor may assess and apply a fee against the Issuer of not less than \$25,000 at any time any balance remains outstanding on this Note, regardless of whether such event of default has been cured or remedied and regardless of whether the Investor delivered a notice of default at the time of the event of default or at the time the Investor discovered the event of default. The parties agree that the fee shall be applied to the balance of the Note and shall tack back to the Effective Date of the Note for purposes of Rule 144. The parties acknowledge and agree that upon an event of default, Investor's damages would be uncertain and difficult (if not impossible) to accurately estimate because of the parties' inability to predict future interest rates and future share prices, Investor's increased risk, and the uncertainty of the availability of a suitable substitute investment opportunity for Investor, among other reasons. Accordingly, any fees, charges, and default interest due under this Note or any other Transaction Document between the parties are intended by the parties to be, and shall be deemed, liquidated damages. The parties agree that such liquidated damages are a reasonable estimate of Investor's actual damages and not a penalty, and shall not be deemed in any way to limit any other right or remedy Investor may have hereunder, at law or in equity. The parties acknowledge and agree that under the circumstances existing at the time this Note is entered into, such liquidated damages are fair and reasonable and are not penalties. All fees, charges, and default interest provided for in this Note and the Transaction Documents are agreed to by the parties to be based upon the obligations and the risks assumed by the parties as of the Effective Date and are consistent with investments of this type. The liquidated damages provisions shall not limit or preclude a party from pursuing any other remedy available at law or in equity; provided, however, that the liquidated damages are intended to be in lieu of actual damages.

9. Acceleration. In the event of any default, the outstanding principal amount of this Note, plus accrued but unpaid interest, liquidated damages, fees and other amounts owing in respect thereof through the date of acceleration (the "Note Balance"), shall become, at the Investor's election, immediately due and payable in cash at the Mandatory Default Amount. The Mandatory Default Amount means the Investor's choice of (this choice may be made at any time without presentment, demand, or notice of any kind): (i) the Note Balance divided by the Conversion Price on the date of the default multiplied by the closing price on the date of the default; or (ii) the Note Balance divided by the Conversion Price on the date the Mandatory Default Amount is either (a) demanded or (b) paid in full, whichever has a lower Conversion Price, multiplied by the closing price on the date the Mandatory Default Amount is either (a) demanded or (b) paid in full, whichever has a higher closing price; or (iii) 150% of the Note Balance. In connection with such acceleration described herein, the Investor need not provide, and the Issuer hereby waives, any presentment, demand, protest or other notice of any kind, and the Investor may immediately and without expiration of any grace period enforce any and all of its rights and remedies hereunder and all other remedies available to it under applicable law. Such acceleration may be rescinded and annulled by the Investor at any time prior to payment hereunder and the Investor shall have all rights as a holder of the note until such time, if any, as the Investor receives full payment pursuant to this Section 9. No such rescission or annulment shall affect any subsequent event of default or impair any right consequent thereon.

10. Right to Specific Performance and Injunctive Relief. Nothing herein shall limit the Investor's right to pursue any other remedies available to it at law or in equity including, without limitation, a decree of specific performance and/or injunctive relief. In this regard, the Issuer hereby agrees that the Investor will be entitled to obtain specific performance and/or injunctive relief with respect to the Issuer's failure to timely deliver shares of Common Stock upon conversion of the Note as required pursuant to the terms hereof or the Issuer's obligations regarding the reservation of shares and its transfer agent, including the use, termination, replacement or resignation of the transfer agent and the obligation to deliver an irrevocable instruction and share reservation letter with any subsequent transfer agent. The Issuer agrees that, in such event, all requirements for specific performance and/or preliminary and permanent injunctive relief will be satisfied, including that the Investor would suffer irreparable harm for which there would be no adequate legal remedy. The Issuer further agrees that it will not object to a court or arbitrator granting or ordering specific performance or preliminary and/or permanent injunctive relief in the event the Investor demonstrates that the Issuer has failed to comply with any obligation herein. Such a grant or order may require the Issuer to immediately issue shares to the Investor pursuant to a Conversion Notice and/or require the Issuer to immediately satisfy its obligations regarding the reservation of shares and its transfer agent, including the use, termination, replacement or resignation of the Issuer's transfer agent and the obligation to deliver an irrevocable instruction and share reservation letter with any subsequent transfer agent. The Issuer further expressly waives any right to any bond in connection with any temporary or preliminary injunction.

11. No Shorting. The Investor agrees that so long as this Note from the Issuer to the Investor remains outstanding, the Investor will not enter into or effect "short sales" of the Common Stock or hedging transaction which establishes a net short position with respect to the Common Stock of the Issuer. The Issuer acknowledges and agrees that upon delivery of a conversion notice by the Investor, the Investor immediately owns the shares of Common Stock described in the conversion notice and any sale of those shares issuable under such conversion notice would not be considered short sales.

12. Assignability. The Issuer may not assign this Note. This Note will be binding upon the Issuer and its successors and will inure to the benefit of the Investor and its successors and assigns and may be assigned by the Investor to anyone without the Issuer's approval.

13. Governing Law, Legal Proceedings, and Arbitration. THIS NOTE WILL BE GOVERNED BY, CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE SUBSTANTIVE LAWS OF THE STATE OF NEVADA (INCLUDING ANY RIGHTS TO SPECIFIC RELIEF PROVIDED FOR

UNDER NEVADA STATUTES), WITHOUT REGARD TO THE CONFLICT OF LAWS PRINCIPLES THEREOF. THE PARTIES HEREBY WARRANT AND REPRESENT THAT THE SELECTION OF NEVADA LAW AS GOVERNING UNDER THIS NOTE (I) HAS A REASONABLE NEXUS TO EACH OF THE PARTIES AND TO THE TRANSACTIONS CONTEMPLATED BY THE NOTE; AND (II) DOES NOT OFFEND ANY PUBLIC POLICY OF NEVADA, FLORIDA, OR OF ANY OTHER STATE, FEDERAL, OR OTHER JURISDICTION.

ANY ACTION BROUGHT BY EITHER PARTY AGAINST THE OTHER ARISING OUT OF OR RELATED TO THIS NOTE, OR ANY OTHER AGREEMENTS BETWEEN THE PARTIES, SHALL BE COMMENCED ONLY IN THE STATE OR FEDERAL COURTS OF GENERAL JURISDICTION LOCATED IN MIAMI-DADE COUNTY, IN THE STATE OF FLORIDA, EXCEPT THAT ALL SUCH DISPUTES BETWEEN THE PARTIES SHALL BE SUBJECT TO ALTERNATIVE DISPUTE RESOLUTION THROUGH BINDING ARBITRATION AT THE INVESTOR'S SOLE DISCRETION AND ELECTION (REGARDLESS OF WHICH PARTY INITIATES THE LEGAL PROCEEDINGS). The parties agree that, in connection with any such arbitration proceeding, each shall submit or file any claim which would constitute a compulsory counterclaim within the same proceeding as the claim to which it relates. Any such claim that is not submitted or filed in such proceeding shall be waived and such party will forever be barred from asserting such a claim. Both parties and the individuals signing this Note agree to submit to the jurisdiction of such courts or to such arbitration panel, as the case may be.

If the Investor elects alternative dispute resolution by arbitration, the arbitration proceedings shall be conducted in Miami-Dade County and administered by the American Arbitration Association in accordance with its Commercial Arbitration Rules and Mediation Procedures in effect on the Effective Date of this Note, except as modified by this agreement. The Investor's election to arbitrate shall be made in writing, delivered to the other party, and filed with the American Arbitration Association. The American Arbitration Association must receive the demand for arbitration prior to the date when the institution of legal or equitable proceedings would be barred by the applicable statute of limitations, unless legal or equitable proceedings between the parties have already commenced, and the receipt by the American Arbitration Association of a written demand for arbitration also shall constitute the institution of legal or equitable proceedings for statute of limitations purposes. The parties shall be entitled to limited discovery at the discretion of the arbitrator(s) who may, but are not required to, allow depositions. The parties acknowledge that the arbitrators' subpoena power is not subject to geographic limitations. The arbitrator(s) shall have the right to award individual relief which he or she deems proper under the evidence presented and applicable law and consistent with the parties' rights to, and limitations on, damages and other relief as expressly set forth in this Note. The award and decision of the arbitrator(s) shall be conclusive and binding on all parties, and judgment upon the award may be entered in any court of competent jurisdiction. The Investor reserves the right, but shall have no obligation, to advance the Issuer's share of the costs, fees and expenses of any arbitration proceeding, including any arbitrator fees, in order for such arbitration proceeding to take place, and by doing so will not be deemed to have waived or relinquished its right to seek the recovery of those amounts from the arbitrator, who shall provide for such relief in the final award, in addition to the costs, fees, and expenses that are otherwise recoverable. The foregoing agreement to arbitrate shall be specifically enforceable under applicable law in any court having jurisdiction thereof.

14. Delivery of Process by the Investor to the Issuer. In the event of any action or proceeding by the Investor against the Issuer, and only by the Investor against the Issuer, service of copies of summons and/or complaint and/or any other process which may be served in any such action or proceeding may be made by the Investor via U.S. Mail, overnight delivery service such as FedEx or UPS, email, fax, or process server, or by mailing or otherwise delivering a copy of such process to the Issuer at its last known attorney as set forth in its most recent SEC filing.

15. Attorney Fees. If any attorney is employed by either party with regard to any legal or equitable action, arbitration or other proceeding brought by such party for enforcement of this Note or because of an alleged dispute, breach, default or misrepresentation in connection with any of the provisions of this Note, the prevailing party will be entitled to recover from the other party reasonable attorneys' fees and other costs and expenses incurred, in addition to any other relief to which the prevailing party may be entitled.

16. Opinion of Counsel. The Issuer shall provide the Investor with an opinion of counsel prior to the Effective Date of the Note that neither this Note, nor any other agreement between the parties, nor any of their terms (including, but not limited to, interest, original issue discount, conversion terms, warrants terms, penalties, fees or liquidated damages), individually or collectively violate any usury laws in the State of Nevada. Prior to the Effective Date of the Note, the Issuer and its management have reviewed such opinion, consulted their counsel on the opinion and on the matter of usury, and have further researched the matter of usury to their satisfaction. Further, the Issuer and its management agree with the opinion of the Issuer's counsel that neither this Note nor any other agreement between the parties is usurious and they agree they will not raise a claim of usury as a defense to the performance of the Issuer's obligations under this Note or any other agreement between the parties. THE ISSUER HEREBY WARRANTS AND REPRESENTS THAT THE SELECTION OF NEVADA LAW AS GOVERNING UNDER THIS AGREEMENT (I) HAS A REASONABLE NEXUS TO EACH OF THE PARTIES AND TO THE TRANSACTIONS CONTEMPLATED BY THESE AGREEMENTS; AND (II) DO NOT OFFEND ANY PUBLIC POLICY OF NEVADA, FLORIDA, OR OF ANY OTHER STATE, FEDERAL, OR OTHER JURISDICTION. In the event that any other opinion of counsel is needed for any matter related to this Note, the Investor has the right to have any such opinion provided by its counsel. Investor also has the right to have any such opinion provided by Issuer's counsel.

17. Notices. Any notice required or permitted hereunder (including Conversion Notices and demands for arbitration) must be in writing and either personally served, sent by facsimile or email transmission, or sent by overnight courier. Notices will be deemed effectively delivered at the time of transmission if by facsimile or email, and if by overnight courier the business day after such notice is deposited with the courier service for delivery.

* * *

Issuer:



Douglas Batkauer
Integral Technologies, Inc.
Chief Executive Officer

Date: 11.16.2017

Investor:

JMJ Financial
Its Principal

Date: _____

[Signature Page to Convertible Note]

May 7, 2018

Sea Otter Global Ventures, LLC
c/o SBI Investments LLC, 2014-1
1111 Brickell Ave, Ste 2920
Miami, FL 33131

Re: Amendment to Convertible Promissory Note

Dear SBI Investments LLC, 2014-1:

This letter agreement (this “Letter Agreement”) will confirm our agreement in amending the Replacement Convertible Promissory Note dated May 11, 2017 (the “Note”). Capitalized terms used but not defined herein shall have the respective meaning given to them in the Note.

The Note provides the Holder the right to convert all or any part of the outstanding and unpaid principal amount and accrued and unpaid interest of the Note into fully paid and non-assessable share of Common Stock, and further states the method for calculating such conversions. The Conversion Price is based on market conditions affecting the Common Stock, such as the Market Price. A fixed stock price would greatly simplify the valuation process.

On May 7, 2018, the Borrower reached its authorized Common Stock limit of 250,000,000 shares, including approximately 6,700,000 shares held in reserve. Upon this event, the parties agree to the following amendment to the Note:

1. Calculation of Conversion Price. Effective May 7, 2018, the parties agree to a fixed Market Price of \$0.0450, the closing Common Stock price on May 7, 2018. The parties further agree to a Conversion Price of \$0.0293.

Very truly yours,

ACCEPTED AND AGREED

Integral Technologies, Inc.

By: _____
Name: Doug Bathauer
Title: Chief Executive Officer

By: _____
Name: _____
Title: _____

Oasis Capital, LLC
 411 Dorado Beach East
 Dorado, PR 00646

Re: Amendment to Convertible Promissory Note

Dear Oasis, LLC:

This letter agreement (this "Letter Agreement") confirms our previous agreement to a fixed price conversion of the Common Stock referenced in the Convertible Promissory Notes with original issue dates of May 11, 2017, May 18 2017, and May 19 2017 in the name of L2 Capital, LLC and later assigned to Oasis Capital, LLC (the "Notes"). Capitalized terms used but not defined herein shall have the respective meaning given to them in the Notes.

The Notes provide the Holder the right to convert all or any part of the outstanding and unpaid principal amount and accrued and unpaid interest of the Notes into fully paid and non-assessable share of Common Stock, and further states the method for calculating such conversions. The Conversion Price is based on market conditions affecting the Common Stock, such as the Market Price. A fixed stock price would greatly simplify the valuation process.

On May 7, 2018, the Borrower reached its authorized Common Stock limit of 250,000,000 shares, including approximately 6,700,000 shares held in reserve. Upon this event, the parties agreed to the following amendment to the Note:

1. Calculation of Conversion Price. Effective May 7, 2018, the parties agree to a fixed Market Price of \$0.0450, the closing Common Stock price on May 7, 2018. The parties further agree to a Conversion Price of \$0.0293.

Very truly yours,

ACCEPTED AND AGREED

Integral Technologies, Inc.

By: _____
 Name: Doug Bathauer
 Title: Chief Executive Officer

By: _____
 Name: _____
 Title: _____

Professional Services Agreement

Integral Technologies, Inc. (the "Company") located at 2605 Eastside Park Rd., Suite 1, Evansville, Indiana 47715 has engaged the services of Ascentaur, LLC ("Consultant") with offices located 149 Schweitzer Lane, Bardonia, New York 10954 to provide consulting services described on Schedule 1 attached hereto (the "Services"). This letter agreement ("Agreement") sets forth the terms on which Consultant will provide the Services to the Company. The list of Services set forth on Schedule 1 may be amended in writing by mutual agreement of the parties from time to time.

1. The Company shall provide Consultant with full access to all Company records, including information concerning the business, assets, operations and financial condition of the Company. In addition, Consultant shall have full access to all personnel within the Company as well as the Company's outside professional advisors, including its outside auditors and attorneys. The Company agrees that Consultant will be authorized to make appropriate use of all such information in connection with the performance of the Services, provided, however, that such information shall be kept confidential (consistent with the Nondisclosure Agreement previously executed on July 24, 2020) to the extent that it contains material, non-public information, the disclosure of which may be subject to applicable securities laws.
 2. The Company shall promptly disclose to Consultant any information relating to any known misstatement of material fact contained in any information provided to Consultant concerning the business, assets, operations and financial condition of the Company or any fraud or alleged fraud, whether or not material, that involves management or other personnel that are responsible for the preparation of the Company's financial statements.
 3. The relationship of Consultant to the Company shall at all times be that of an independent contractor.
 4. Consultant shall be subject solely to the control of the Board of Directors of the Company or its assignees. Except for such control, Consultant shall not be subject to the control of any other person or persons.
 5. Consultant shall be compensated for the Services based on the attached Schedule I.
 6. The Company agrees to indemnify and hold harmless Consultant and each of its equity holders, managers, directors, officers, employees, and agents (each, "Consultant Indemnified Person") from and against any losses, claims, damages, expenses and liabilities or actions in respect thereof (collectively, "Losses"), and to reimburse each Consultant Indemnified Person for all such Losses as they may be incurred (including all legal fees and other expenses incurred in connection with investigating, preparing, pursuing, defending, paying, settling or compromising any Losses, whether or not in connection with any pending or threatened litigation in which any Consultant Indemnified Person is a named party), arising out of or related to the Services rendered or to be rendered by any Consultant Indemnified Person in connection with this engagement, any regulations promulgated under such laws; provided that the Company will not be responsible for any Losses of any Consultant Indemnified Person to the extent that a court of competent jurisdiction shall have determined by a final judgment that such Losses resulted primarily from actions taken or omitted to be taken by such Consultant Indemnified Person due to his bad faith or willful misconduct.
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7. The engagement of the Consultant shall be for a term commencing on February 16, 2021 and continuing through June 30, 2022 (17 months). Notwithstanding the foregoing, the parties can extend this Agreement by mutual consent on a month-to-month basis. Otherwise, this Agreement may be terminated, at any time, upon five days notice pursuant to the Section 12 below. The obligations of the Company of this Agreement shall survive the completion or termination of this engagement regardless of the manner of such completion or termination and shall be binding upon the Company's successors and assigns.

8. Representations and Warranties of Company.

The Company represents and warrants that upon execution of this Agreement, it has the financial resources to fulfill its obligations under this Agreement, at least as it pertains to the payment of Consulting Fee and Expenses during the Term of the Agreement.

9. Representations and Warranties of Consultant.

Consultant represents and warrants that (a) Consultant is under no restriction which would prevent the Consultant from performing his duties hereunder; (b) Consultant has no physical or mental disability that would hinder his performance of duties under this Agreement; (c) Consultant does presently provide similar services to other companies however such engagements shall not inhibit Consultant's ability to provide the Services to the Company; and (d) Sebastian Giordano is the 100% owner of Ascentaur, LLC.

10. Survival.

The covenants, agreements, representations, and warranties contained in or made pursuant to this Agreement shall survive Consultant's termination of Agreement, irrespective of any investigation made by or on behalf of any party.

11. Modification.

This Agreement sets forth the entire understanding of the parties with respect to the subject matter hereof, supersedes all existing agreements between them concerning such subject matter, and may be modified only by a written instrument duly executed by each party.

12. Notices.

Any notice or other communication required or permitted to be given hereunder shall be in writing and shall be by certified mail, return receipt requested, or delivered against receipt to the party to whom it is given at the address of such party set forth in the preamble to this Agreement. Any notice or other communication given by certified mail shall be deemed given at the time of certification thereof, except for a notice of changing a party's address which shall be deemed given at the time of receipt thereof.

13. Waiver.

Any waiver by either party of a breach of any provision of this Agreement shall not operate as or be construed to be a waiver of any other breach of such provision or of any breach of any other provision of this Agreement. The failure of a party to insist upon strict adherence to any term of this Agreement on one or more occasions shall not be considered a waiver or deprive that party of the right thereafter to insist upon strict adherence to that term or any other term of this Agreement. Any waiver must be in writing.

14. Binding Effect. Assignment.

Consultant's rights and obligations under this Agreement shall not be transferable by assignment or otherwise, such rights shall not be subject to encumbrances or the claims of Consultant's creditors, and any attempt to do any of the foregoing shall be void. The provisions of this Agreement shall be binding upon and inure to the benefit of Consultant, and shall be binding upon and inure to the benefit of the Company and its successors and assigns. In the case of a change of control event, the Company may elect to assign this Agreement and all of its rights and obligations hereunder to the acquiring or surviving entity.

15. Governing Law.

This Agreement shall be governed by and construed in accordance with the laws of the State of New York. Any disputes which arise under this contract, even after the termination of this contract, will be heard only in the state or federal courts located in the State of New York. The parties hereto expressly agree to submit themselves to the jurisdiction of the foregoing courts in the State of New York. The parties hereto expressly waive any rights they may have to contest the jurisdiction, venue or authority of any court sitting in the State of New York. Parties waive the right to a jury trial.

16. Headings.

The headings in this Agreement are solely for the convenience of reference and shall be given no effect in the construction or interpretation of this Agreement.

Accepted and Agreed to this 8th day of September 2020.

Integral Technologies, Inc.

Ascentaur, LLC

By: _____
Doug Bathauer
Chief Executive Officer

By: _____
Sebastian Giordano
Chief Executive Officer

SCHEDULE 1

Services to be provided by Ascentaur to the Company:

Provide the services as a restructuring consultant to include any other advisory capacities as directed by the Board of Directors including, but not limited to:

1. Undertaken a complete evaluation of the Company's current financial and operational situation;
2. Creating a plan that demonstrates short, mid and long-term viability supported by believable assumptions about the future in order to secure financing necessary to restructure the Company's debts, position the Company's business/assets for sale and/or grow the business;
3. Leading restructuring and settlement discussions and arrangements with lenders;
4. Assisting and/or negotiating directly with trade creditors to assure continued support;
5. Assisting management in identifying revenue, monetization, profit and cash improvement strategies;
6. Identifying solutions and assisting management in working out arrangements with unsecured creditors;
7. Overseeing the timely completion of past due SEC reporting; and
8. Working with outside counsel with strategies for securing increase in authorization shares of the Company's common stock.

Consultant will provide the Board of Directors with ongoing weekly written updates, assessments, recommendations, action and progress throughout this process.

Consulting Fees:

The Company will pay at execution of this Agreement a retainer of \$10,000 per month of the Services, payable on the first day of each month, as well as reasonable and customary business expenses in connection with the services provided under this Agreement payable immediately upon the submission of expense report and supporting documentation. Presuming the Agreement continues to June 30, 2022, then the Parties agree that the total amount of consulting fees due will be \$170,000.

Commencement of this Agreement and all payments due under this Agreement are contingent upon the Company obtaining financing of approximately \$100,000.

Wire Instructions:

AMENDMENT TO PROFESSIONAL SERVICES AGREEMENT

THIS AMENDMENT TO THE PROFESSIONAL SERVICES AGREEMENT ("Amendment") is made and entered into this 1st day of July 2022, by and between Integral Technologies, Inc. (the "Company") and Ascentaur, LLC (the "Consultant"), together sometimes hereinafter referred to as the "Parties".

RECITALS:

WHEREAS, the Company and the Consultant are parties to a certain Professional Services Agreement dated September 8, 2020 ("Agreement");

WHEREAS, the term of the Professional Services Agreement expired on June 30, 2022 ("Term");

WHEREAS, the Parties, pursuant to Paragraph 6 of the Agreement, desire to extend the Term of the Agreement.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged and in consideration of the mutual covenants contained herein, the Parties agree as follows:

1. Definitions. Unless otherwise defined herein, Capitalized terms shall have the meaning ascribed to such terms in the Agreement.
2. Additional Term. The Parties hereby agree to extend the Agreement for additional three months ending on September 30, 2022 (the "Additional Term").
3. Continuance of the Agreement. Except as amended by this Amendment, all other terms and provisions of the Agreement shall remain in full force and effect.
4. Compensation. The parties agree that the Compensation paid to the Consultant for the Additional Term shall be at the rate of \$10,000 per month, such monthly amount which shall be added, on the 1st day of each month commencing July 1, 2022, to the total amount of \$170,000 currently due and owing for the original Term of the Agreement.
5. Services. Schedule 1, attached herein, further clarifies the Services to be provided by the Consultant and sets forth certain deliverables by the Company to the Consultant.

IN WITNESS WHEREOF, the parties hereto have caused these presents to be signed by their respective and proper corporate officers the day and year first written above.

ACKNOWLEDGED, AGREED & ACCEPTED:

Integral Technologies, Inc.

By: _____
Doug Bathauer, CEO

Ascentaur LLC

By: _____
Sebastian Giordano, CEO

Schedule 1
Services

To facilitate the next phase of the Agreement during the Extended Period, the Parties agree to the following:

1. Company will appoint you as a company representative to the auditors and be responsible for facilitating the audit;
2. Consultant to establish and manage timeline for audit and relisting;
3. Consultant to determine and manage budget to complete the audit and filing process;
4. Consultant to engage appropriate vendors needed for filing;
5. Consultant to negotiate settlements and/or work outs with vendor, debt holders, past employees and other;
6. Consultant to work with the board to structure pathway forward for the company that enables the possibility for best shareholder value possible;
7. Consultant to work with board to coordinate communication strategy with shareholders/market; and
8. Consultant to work with board to determine management structure of the company going forward.

Integral understands that it needs to timely provide to Ascentaur:

1. All outstanding debts/vendors/note holders;
2. Overview of the history of Integral to better provide context;
3. Board's desire for future involvement; and
4. Board's thoughts on the future path forward.

SECOND AMENDMENT TO PROFESSIONAL SERVICES AGREEMENT

THIS AMENDMENT TO THE PROFESSIONAL SERVICES AGREEMENT ("Amendment") is made and entered into this 1st day of October 2022, by and between Integral Technologies, Inc. (the "Company") and Ascentaur, LLC (the "Consultant"), together sometimes hereinafter referred to as the "Parties".

RECITALS:

WHEREAS, the Company and the Consultant are parties to a certain Professional Services Agreement dated September 8, 2020 ("Agreement");

WHEREAS, the term of the Professional Services Agreement expired on June 30, 2022 ("Term");

WHEREAS, the Term was previously extended to September 30, 2022 (the "Additional Term"); and

WHEREAS, the Parties, pursuant to Paragraph 6 of the Agreement, desire to further extend the Term of the Agreement.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged and in consideration of the mutual covenants contained herein, the Parties agree as follows:

1. Definitions. Unless otherwise defined herein, Capitalized terms shall have the meaning ascribed to such terms in the Agreement.
2. Additional Term. The Parties hereby agree to further extend the Agreement for additional three months ending on December 31, 2022 (the "Second Additional Term").
3. Continuance of the Agreement. Except as amended by this Amendment, all other terms and provisions of the Agreement shall remain in full force and effect.
4. Compensation. The parties agree that the Compensation paid to the Consultant for the Second Additional Term shall be at the rate of \$10,000 per month, such monthly amount which shall be added, on the 1st day of each month commencing October 1, 2022, to the total amount of \$200,000 currently due and owing for the original Term and the Additional Term of the Agreement.
5. Services. Schedule 1, attached herein, further clarifies the Services to be provided by the Consultant and sets forth certain deliverables by the Company to the Consultant.

IN WITNESS WHEREOF, the parties hereto have caused these presents to be signed by their respective and proper corporate officers the day and year first written above.

ACKNOWLEDGED, AGREED & ACCEPTED:

Integral Technologies, Inc.

By: _____
Doug Bathauer, CEO

Ascentaur LLC

By: _____
Sebastian Giordano, CEO

Schedule 1
Services

To facilitate the next phase of the Agreement during the Extended Period, the Parties agree to the following:

1. Company will appoint you as a company representative to the auditors and be responsible for facilitating the audit;
2. Consultant to establish and manage timeline for audit and relisting;
3. Consultant to determine and manage budget to complete the audit and filing process;
4. Consultant to engage appropriate vendors needed for filing;
5. Consultant to negotiate settlements and/or work outs with vendor, debt holders, past employees and other;
6. Consultant to work with the board to structure pathway forward for the company that enables the possibility for best shareholder value possible;
7. Consultant to work with board to coordinate communication strategy with shareholders/market; and
8. Consultant to work with board to determine management structure of the company going forward.

Integral understands that it needs to timely provide to Ascentaur:

1. All outstanding debts/vendors/note holders;
2. Overview of the history of Integral to better provide context;
3. Board's desire for future involvement; and
4. Board's thoughts on the future path forward.

LIST OF SUBSIDIARIES

1. ElectriPlast Corp., a wholly owned subsidiary, was incorporated in the State of Virginia on January 20, 1994.