

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

FORM 10-KSB

ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended June 30, 2006

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

For the transition period from: _____ to _____

Commission file number: 0-28353

INTEGRAL TECHNOLOGIES, INC.

(Name of small business issuer as specified in its charter)

Nevada

98-0163519

(State or other jurisdiction of
incorporation or organization)

(IRS Employer Identification No.)

805 W. Orchard Drive, Suite 7, Bellingham, Washington

98225

(Address of principal executive offices)

(Zip Code)

Issuer's telephone number: (360) 752-1982

Securities registered under Section 12(b) of the Exchange Act: None

Securities registered under Section 12(g) of the Exchange Act: Common Stock

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Check if there is no disclosure of delinquent filers in response to Item 405 of Regulation S-B is not contained in this form, and no disclosure will be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB or any amendment to this Form 10-KSB.

Check whether the issuer is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

State issuer's revenues for its most recent fiscal year. \$-0-

As of September 15, 2006, the aggregate market value of the voting stock held by non-affiliates, approximately 41,402,603 shares of Common Stock, was approximately \$157 million based on an average of the bid and ask prices of approximately \$3.80 per share of Common Stock on such date.

The number of shares outstanding of the issuer's Common Stock, \$.001 par value, as of September 15, 2006 was 45,439,969 shares.

DOCUMENTS INCORPORATED BY REFERENCE: None.

Transitional Small Business Disclosure Format (check one):

Yes ; No

PART I

CAUTIONARY STATEMENT IDENTIFYING IMPORTANT FACTORS
THAT COULD CAUSE THE COMPANY'S ACTUAL RESULTS TO
DIFFER FROM THOSE PROJECTED IN FORWARD LOOKING STATEMENTS

Readers of this document and any document incorporated by reference herein, are advised that this document and documents incorporated by reference into this document contain both statements of historical facts and forward looking statements. Forward looking statements are subject to certain risks and uncertainties, which could cause actual results to differ materially for those indicated by the forward looking statements. Examples of forward looking statements include, but are not limited to (i) projections of revenues, income or loss, earning or loss per share, capital expenditures, dividends, capital structure and other financial items, (ii) statements of the plans and objectives of Integral Technologies, Inc. or our management or Board of Directors, including the introduction of new products, or estimates or predictions of actions by customers, suppliers, competitors or regulatory authorities, (iii) statements of future economic performance, and (iv) statements of assumptions underlying other statements and statements about our Company or our business.

This document and any documents incorporated by reference herein also identify important factors which could cause actual results to differ materially from those indicated by forward looking statements. These risks and uncertainties include price competition, the decisions of customers, the actions of competitors, the effects of government regulation, possible delays in the introduction of new products and services, customer acceptance of products and services, our ability to secure debt and/or equity financing on reasonable terms, and other factors which are described herein and/or in documents incorporated by reference herein.

The cautionary statements made above and elsewhere should not be construed as exhaustive or as any admission regarding the adequacy of disclosures made by us. Forward looking statements are beyond the ability of our Company to control and in many cases we cannot predict what factors would cause results to differ materially from those indicated by the forward looking statements.

DESCRIPTION OF BUSINESS

BUSINESS DEVELOPMENT

Integral Technologies, Inc. ("Integral," the "Company" or the "Registrant") is a development stage company, incorporated under the laws of the State of Nevada on February 12, 1996. To date, we have expended resources on the research and development of several different types of technologies.

Presently, we are focusing substantially all of our resources on the researching, developing and commercializing of our ElectriPlast(R) technology, which is comprised of over 100 applications. In addition, we apply a significant portion of our resources to the protection of our intellectual property through patent filings. To date, we have not realized any revenue from our efforts. We expect to derive future revenues from the sale of ElectriPlast(R) materials and/or fees from licensing ElectriPlast(R) technologies to third-party manufacturers.

TECHNOLOGIES

ElectriPlast(R)

We have developed an innovative, electrically-conductive resin-based material called "ElectriPlast(R)." The ElectriPlast(R) polymer is a compounded formulation of resin-based materials, which are conductively loaded, or doped, with a proprietary-controlled, balanced concentration of micron conductive materials, then pelletized. 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 shapes and sizes associated with plastics and rubbers, and is non-corrosive, but which is as electrically conductive as if it were metal.

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Various examples of applications for ElectriPlast(R) are shielding, lighting circuitry, switch actuators, resistors, medical devices, thermal management and cable connector bodies, to name just a few. We have been working to introduce these new applications and the ElectriPlast(R) technology on a global scale.

PlasTenna(R)

We have developed and prototyped a new antenna technology called PlasTenna(R) that utilizes our ElectriPlast(R) technology. The pioneering aspect of the PlasTenna(R) technology is that it opens the doors to vast new horizons in antenna design and manufacturing processes. The combination of our proprietary recipe of conductive materials, and a selection of resins from various resin suppliers results in a covert moldable antenna, that can become part of the shell or case of any wireless device, be it phones, radios, or even body parts of vehicles, or new designs for conventional antennas as we know them today. Our research indicates that the PlasTenna(R) technology vastly improves design flexibility, increases signal performance, reduces manufacturing costs, and shows a marked reduction in power consumption.

Patents on Technologies

Our intellectual property portfolio consists of over ten years of accumulated research and design knowledge and trade secrets. We have sought U.S. patent protection for many of our ideas related to our ElectriPlast(R) technologies. Currently, we have filed 109 U.S. patent applications, 16 of which have been issued, 3 of which have been allowed and are pending issuance, and 90 of which have been filed and are pending approval. No assurances can be given that all patent applications will be approved; however, to the extent that patents are not granted, we will continue to attempt to commercialize these technologies without the protection of patents. As patents are issued, we will have the exclusive right to use in the U.S. the design(s) described in each issued patent for the 18-year life of the patent.

Product Manufacturing and Distribution

We are not in the manufacturing business. We will rely on third-party manufacturing companies to manufacture products.

Management anticipates that our technologies will not be sold directly to the general public, but rather to businesses and manufacturers who will incorporate our technologies as components in the design of their products.

Barriers to Entry into Market Segment

We have been working to introduce the ElectriPlast(R) technology as an alternative to metal for use as an electrically conductive material. The process of educating potential customers about ElectriPlast(R) may prove time consuming and difficult.

In the antenna market, we will be competing with other established antenna providers that are much larger and better capitalized than Integral. In order to compete, management believes that Integral must demonstrate to potential users that its antenna products have an advantage over other antennas on the market in terms of performance and cost.

RECENT DEVELOPMENTS

We are focusing our marketing efforts on securing licensing agreements for applications of our ElectriPlast(R) technology. Our technologies will be marketed to manufacturers of products which would benefit from the incorporation of any of the ElectriPlast(R) applications into their products. We have recently completed our first two commercial agreements.

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Patent License Agreement with Heatron, Inc.

In March 2006, we entered into a Patent License Agreement with Heatron, Inc. ("Heatron"), pursuant to which we granted to Heatron the rights to use our ElectriPlast(R) technology for specific applications in the heating and LED lighting markets. Heatron, founded in 1977 and based in Leavenworth, Kansas, is an industry leader in heating element and thermal management designs and solutions.

We granted to Heatron a non-exclusive, non-sublicensable, non-assignable, worldwide license; however, Heatron's rights are exclusive for the initial two years. The agreement will terminate upon the expiration of the last patent licensed under the agreement, or earlier under certain circumstances.

Heatron paid to us a nominal up-front license fee of \$1.00. Any revenue to be generated by our Company under the agreement will be from raw materials fees. We have not yet derived revenues from this agreement.

Patent License Agreement with Jasper Rubber Products, Inc.

In August 2006, we entered into a Patent License Agreement with Jasper Rubber Products, Inc. ("Jasper"), pursuant to which we granted to Jasper the rights to use our ElectriPlast(R) technology for specific applications within its customer base. Jasper, founded in 1949, and based in Jasper, Indiana, is an industry leader in innovative rubber and plastics development. Jasper manufactures a full range of molded, extruded, lathe-cut rubber and thermoplastic products for major appliance, oil filter, and automotive industries.

We granted to Jasper a non-exclusive, non-sublicensable, non-assignable, worldwide license. The agreement will terminate upon the expiration of the last patent licensed under the agreement, or earlier under certain circumstances.

Jasper paid to us a nominal up-front license fee of \$1.00. Any revenue to be generated by our Company under the agreement will be from raw materials fees. We have not yet derived revenues from this agreement.

EMPLOYEES

We currently employ a total of 5 people on a full-time basis. However, we also rely on the expertise of several technical advisors who are consulted as needed on a part-time, contract basis.

SEC REPORTS AVAILABLE ON WEBSITE

The SEC maintains an Internet site (<http://www.sec.gov>) that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC. Our Annual Reports on Form 10-KSB, Quarterly Reports on Form 10-QSB, Current Reports on Form 8-K and other SEC filings are available on the SEC's website or by visiting our company website at www.itkg.net.

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RISK FACTORS

An investment in our common stock involves major risks. Before you invest in our common stock, you should be aware that there are various risks, including those described below. You should carefully consider these risk factors together with all of the other information included in this annual report on Form 10-KSB before you decide to purchase shares of our common stock.

PURCHASE OF OUR STOCK IS A HIGHLY SPECULATIVE YOU COULD LOSE YOUR ENTIRE INVESTMENT. We have been operating at a loss since inception, and you cannot assume that our plans will either materialize or prove successful. In the event our plans are unsuccessful, you may lose all or a substantial part of your investment. The purchase of our stock must be considered a highly speculative investment.

WE HAVE INCURRED SUBSTANTIAL LOSSES FROM INCEPTION AND WE HAVE NEVER GENERATE SUBSTANTIAL REVENUES; FAILURE TO ACHIEVE PROFITABILITY IN THE FUTURE WOULD CAUSE THE MARKET PRICE FOR OUR COMMON STOCK TO DECLINE SIGNIFICANTLY. We have generated net losses from inception and we have an accumulated deficit of approximately \$21.3 million as of June 30, 2006. We have never generated more than nominal revenues. If we don't achieve profitability, the market price for our common stock could decline significantly.

IF WE DO NOT GENERATE ADEQUATE REVENUES IN OUR FISCAL YEAR ENDING JUNE 30, 2007, WE MAY NEED TO RAISE CAPITAL TO CONTINUE OUR OPERATIONS. We estimate that we will require \$1.4 million to carry out our business plan during our fiscal year ending June 30, 2007. We had approximately \$1.5 million in cash on hand at June 30, 2006. Subsequent to year-end, we raised an additional \$2.3 million through a private placement of equity securities: as a result, we may expand our business plan and utilize some or all of these additional funds over the next 12 months. Unless we generate adequate revenues from operations (we have had none to date) in the near future, we may require additional financing to carry out our business plans next year, and such financing may not be available at that time. If we require additional financing, we may seek additional funds through private placements that will be exempt from registration and will not require prior shareholder approval. If additional funds are raised by issuing common stock, or securities that are convertible into common stock (such as preferred stock, warrants, or convertible debentures), further dilution to shareholders could occur. Additionally, investors could be granted registration rights by us, which could result in market overhang and depress the market price of the common stock. If we fail to obtain sufficient additional financing, we will not be able to implement our business plans in a complete or timely manner.

IF WE ARE UNABLE TO COMPETE EFFECTIVELY WITH OUR COMPETITORS, WE WILL NOT BE SUCCESSFUL GENERATING REVENUES OR ATTAINING PROFITS. Our ability to generate revenues and profitability is directly related to our ability to compete with our competitors. Most of the companies with which we compete and expect to compete have far greater capital resources and more significant research and development staffs, marketing and distribution programs and facilities, and many of them have substantially greater experience in the production and marketing of products. In each market, we face competition from companies with established technologies. Currently, we believe that we will be able to compete because of the relative performance, price and adaptability of our unique ElectriPlast(R) technology. Our beliefs are based only on our research and development testing. If we are unable to compete effectively, we will not be successful in generating revenues or attaining profits.

LOSS OF KEY PERSONNEL COULD CAUSE A MAJOR DISRUPTION IN OUR DAY-TO-DAY OPERATIONS AND WE COULD LOSE OUR RELATIONSHIPS WITH THIRD-PARTIES WITH WHOM WE DO BUSINESS. Our future success depends in a significant part upon the continued service of certain key personnel. Competition for such personnel is intense, and to be successful we must retain our key personnel. The loss of key personnel or the inability to hire or retain qualified replacement personnel could have cause a major disruption in our operations and we could lose our relationships with third-parties with whom we do business, which could adversely affect our financial condition and results of operations.

IF FUTURE MARKET ACCEPTANCE OF OUR ELECTRIPLAST(R) TECHNOLOGY IS POOR, WE WILL NOT BE ABLE TO GENERATE ADEQUATE SALES TO ACHIEVE PROFITABLE OPERATIONS. Our future is dependent upon the success of the current and future generations of our ElectriPlast(R) technology. Our ElectriPlast(R) technology will be marketed to manufacturers of products which would benefit from the incorporation of any of the ElectriPlast(R) applications into their products. As of June 30, 2006, we have not generated any revenue from our ElectriPlast(R) technology. If future market acceptance

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of our ElectriPlast(R) technology is poor, we will not be able to generate adequate sales to achieve profitable operations.

DEPENDENCE ON OUTSIDE SUPPLIERS AND MANUFACTURERS COULD DISRUPT OUR BUSINESS IF THEY FAIL TO MEET OUR EXPECTATIONS. Currently, we intend to rely on outside suppliers and manufacturers to produce ElectriPlast(R) for us in its raw, unmolded form. The ElectriPlast(R) would be sold to third-parties who would buy the "raw" ElectriPlast(R) from us and then mold it into their products under license from us. While we have entered into informal arrangements with outside suppliers and manufacturers for the production of raw ElectriPlast(R), if any of them should become too expensive or suffer from quality control problems or financial difficulties, we would have to find alternative sources, which could disrupt our business.

OUR PATENT AND OTHER INTELLECTUAL PROPERTY RIGHTS MAY BE ARE SUBJECT TO UNCERTAINTY AND MAY BE CHALLENGED OR CIRCUMVENTED BY COMPETITORS. We rely on a combination of patents, patent applications, trademarks, copyrights, trade secrets and confidentiality procedures to protect our intellectual property rights, which we believe will give us a competitive advantage over our competitors. As of September 15, 2006, we have filed 109 U.S. patent applications relating to our ElectriPlast(R) technology, with 16 patents issued, 3 patents allowed and pending issuance, and 90 patents pending. Additional patents may not be issued from our pending applications, although we will continue to attempt to commercialize these technologies without the protection of patents. As patents are issued, we will have the exclusive right to use in the U.S. the design(s) described in each issued patent for the 18-year life of the patent. However, the issuance of a patent is not conclusive as to its validity or enforceability and, if a patent is issued, it is uncertain how much protection, if any, will be given to our patent if we attempt to enforce it. Litigation, which could be costly and time consuming, may be necessary to enforce our current patents or any patent issued in the future or to determine the scope and validity of the proprietary rights of third parties. A competitor may successfully challenge the validity or enforceability of a patent or

challenge the extent of the patent's coverage. If the outcome of litigation is adverse to us, third parties may be able to use our patented technology without payment to us. Even if we are successful in defending such litigation, the cost of litigation to uphold the patent can be substantial.

It is possible that competitors may infringe upon our patents or successfully avoid them through design innovation. To stop these activities we may need to file a lawsuit. These lawsuits are expensive and would consume time and other resources. In addition, there is a risk that a court would decide that our patent is not valid, that we do not have the right to stop the other party from using the inventions, or that the competitor's activities do not infringe our patent.

Our competitive position is also dependent upon unpatented technology and trade secrets, which may be difficult to protect. Others may independently develop substantially equivalent proprietary information and techniques that would legally circumvent our intellectual property rights.

THE USE OF OUR TECHNOLOGIES COULD POTENTIALLY CONFLICT WITH THE RIGHTS OF OTHERS. Our competitors, or others, may have or may acquire patent rights that they could enforce against us. If our products conflict with patent rights of others, third parties could bring legal actions against us or our suppliers or customers, claiming damages and seeking to enjoin manufacturing and marketing of the affected products. If these legal actions are successful, in addition to any potential liability for damages, we could be required to alter our products or obtain a license in order to continue to manufacture or market the affected products. We may not prevail in any legal action and a required license under the patent may not be available on acceptable terms or at all. The cost to us of any litigation or other proceeding relating to intellectual property rights, even if resolved in our favor, could be substantial.

HOLDERS OF PREFERRED STOCK HAVE RIGHTS THAT ARE SENIOR TO THE RIGHTS OF HOLDERS OF COMMON STOCK. Our Articles of Incorporation authorize the issuance of 20,000,000 shares of preferred stock. The preferred stock may be divided into one or more series. Our board of directors is authorized to determine the rights, provisions, privileges and restrictions and number of authorized shares of any series of preferred stock. Additionally, the preferred stock can have other rights, including voting and economic rights that are senior to the common stock. The issuance of preferred stock could adversely affect the market value of the common stock.

As of June 30, 2006, 1,000,000 shares of preferred stock have been designated as Series A Convertible Preferred Stock of which 308,538 are issued and outstanding, and held by two of our insiders. Each share of Series A Convertible Preferred Stock:

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- has a stated value and liquidation preference of \$1.00;
- has a 5% annual dividend, payable in cash or shares of common stock;
- may be converted into shares of common stock (determined by dividing the number of shares of Series A being converted by the average of the high and low bid prices of our common stock reported by the OTC Bulletin Board over the ten trading days preceding the date of conversion);
- may be redeemed by us within one year after issue at \$1.50, after one year but less than two years at \$2.00, after two years but less than three years at \$2.50, after three years but less than four years at \$3.00, and after four years but less than five years at \$3.50;
- may be voted on all matters on an as-converted basis; and
- may be voted as a class on any merger, share exchange, recapitalization, dissolution, liquidation or change in control of our company.

HOW FUTURE ISSUANCES OF COMMON STOCK PURSUANT TO OUR STOCK PLANS WILL AFFECT YOU. We have two non-qualified stock plans in effect. As of June 30, 2006, approximately 1,519,500 shares are available under the plans for future issuance either directly or pursuant to options, to our officers, directors, employees and consultants. Also, as of June 30, 2006, approximately 1,295,000 shares are under option under the plans, at a weighted-average exercise price of approximately \$0.94 per share, plus 1,000,000 shares are under option by an employee at an exercise price of \$.50 per share pursuant to a grant of option that was not under either of the formal non-qualified stock plans. Additional stock or options to acquire our stock of can be granted at any time by our board of directors, usually without shareholder approval. When shares of common stock are issued directly or upon the exercise of options under these plans, your ownership may be diluted.

WE DO NOT EXPECT TO BE ABLE TO PAY CASH DIVIDENDS IN THE FORESEEABLE FUTURE, SO YOU SHOULD NOT MAKE AN INVESTMENT IN OUR STOCK IF YOU REQUIRE DIVIDEND INCOME. The payment of cash dividends, if any, in the future rests within the discretion of our board of directors and will depend, among other things, upon our earnings, our capital requirements and our financial condition, as well as other relevant factors. We have not paid or declared any cash dividends upon our common stock since our inception and by reason of our present financial status and our contemplated future financial requirements we do not contemplate or anticipate making any cash distributions upon our common stock in the foreseeable future.

WE HAVE A LIMITED MARKET FOR OUR COMMON STOCK WHICH CAUSES THE MARKET PRICE TO BE VOLATILE AND TO USUALLY DECLINE WHEN THERE IS MORE SELLING THAN BUYING ON ANY

GIVEN DAY. Our common stock currently trades on the over the counter bulletin board under the symbol "ITKG." However, at most times in the past, our common stock has been thinly traded and the market price usually declines when there is more selling than buying on any given day. As a result, the market price has been volatile, and the market price may decline immediately if you decide to place an order to sell your shares.

THE MARKET PRICE OF OUR COMMON STOCK IS HIGHLY VOLATILE AND SEVERAL FACTORS THAT ARE BEYOND OUR CONTROL, INCLUDING OUR COMMON STOCK BEING HISTORICALLY THINLY TRADED, COULD ADVERSELY AFFECT ITS MARKET PRICE. Our common stock has been historically thinly traded and the market price has been highly volatile. During the year ended June 30, 2006, the closing bid price of our common stock has been quoted on the Over the Counter Bulletin Board from as low as \$0.27 to as high as \$3.00. These quotations reflect interdealer prices without retail markup, markdown, or commission and may not represent actual transactions. For these and other reasons, our stock price is subject to significant volatility and will likely be adversely affected if our revenues or earnings (or lack of revenues or earnings) in any quarter fail to meet the investment community's expectations. Additionally, the market price of our common stock could be subject to significant fluctuations in response to:

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- announcements of new products or sales offered by us or our competitors;
- actual or anticipated variations in quarterly operating results;
- changes in financial estimates by securities analysts, if any;
- changes in the market's perception of us or the nature of our business; and
- sales of our common stock.

FUTURE SALES OF COMMON STOCK INTO THE PUBLIC MARKET PLACE WILL INCREASE THE PUBLIC FLOAT AND MAY ADVERSELY AFFECT THE MARKET PRICE. As of June 30, 2006, approximately 6 million shares of common stock were available for sale by both affiliates (officers and directors) and non-affiliates under Rule 144 and/or Rule 144(k) of the Securities Act of 1933, as amended. In general, under Rule 144, a person who has held stock for one year may, under certain circumstances, sell within any three-month period a number of shares which is not greater than one percent of the then outstanding shares of common stock (as of June 30, 2006, there were 44,234,432 shares of common stock outstanding, and one percent of the total number of shares outstanding equaled 442,344 shares). Under certain circumstances, the sale of shares which have been held for two years by a person who is not affiliated with us is also permitted without limitation under Rule 144(k). Future sales of common stock will increase the public float and may have an adverse effect on the market price of the common stock, which in turn could adversely affect our ability to obtain future funding as well as create a potential market overhang.

"PENNY STOCK" REGULATIONS MAY ADVERSELY AFFECT YOUR ABILITY TO RESELL YOUR STOCK IN MARKET TRANSACTIONS. The SEC has adopted penny stock regulations which apply to securities traded over-the-counter. These regulations generally define penny stock to be any equity security that has a market price of less than \$5.00 per share or an equity security of an issuer with net tangible assets of less than \$5,000,000 as indicated in audited financial statements, if the corporation has been in continuous operations for less than three years. Subject to certain limited exceptions, the rules for any transaction involving a penny stock require the delivery, prior to the transaction, of a risk disclosure document prepared by the SEC that contains certain information describing the nature and level of risk associated with investments in the penny stock market. The broker-dealer also must disclose the commissions payable to both the broker-dealer and the registered representative and current quotations for the securities. Monthly account statements must be sent by the broker-dealer disclosing the estimated market value of each penny stock held in the account or indicating that the estimated market value cannot be determined because of the unavailability of firm quotes. In addition, the rules impose additional sales practice requirements on broker-dealers who sell such securities to persons other than established customers and institutional accredited investors (generally institutions with assets in excess of \$5,000,000). These practices require that, prior to the purchase, the broker-dealer determined that transactions in penny stocks were suitable for the purchaser and obtained the purchaser's written consent to the transaction.

Our common stock is currently subject to the penny stock regulations. Compliance with the penny stock regulations by broker-dealers will likely result in price fluctuations and the lack of a liquid market for the common stock, and may make it difficult for you to resell your stock in market transactions.

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DESCRIPTION OF PROPERTY

We do not own any real property. We lease office space in Bellingham, Washington and Vancouver, B.C., Canada.

LEGAL PROCEEDINGS

There are no pending legal proceedings involving our Company.

SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

On April 28, 2006, we held a Special Meeting of Stockholders. Proxies were solicited pursuant to Regulation 14A under the Exchange Act. A quorum was present and the matter voted upon was approved by a majority vote. The results were as follows:

On the proposal to amend our Articles of Incorporation to increase the number of shares of common stock we have authorized to issue from 50,000,000 shares to 150,000,000 shares.

<TABLE>
<CAPTION>

	For	Against	Abstain
	-----	-----	-----
<S>	<C>	<C>	<C>
Common votes	28,730,166	1,944,617	77,895
Preferred votes	233,741	-0-	-0-
Total votes	28,963,907	1,944,617	77,895

</TABLE>

No other matters were submitted to a vote of security holders during the fourth quarter of the fiscal year ended June 30, 2006.

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PART II

MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Market Information

There is a limited public market for our common stock. Our common stock is quoted on the OTC Bulletin Board under the symbol "ITKG." The following table sets forth the range of high and low bid quotations for our common stock on the OTC Bulletin Board for each quarter of the fiscal years ended June 30, 2006 and 2005.

<TABLE>
<CAPTION>

Quarter Ended	Low Bid	High Bid
-----	-----	-----
<S>	<C>	<C>
September 30, 2004	\$ 0.59	\$ 1.20
December 31, 2004	\$ 0.51	\$ 1.12
March 31, 2005	\$ 0.60	\$ 0.92
June 30, 2005	\$ 0.47	\$ 0.69
September 30, 2005	\$ 0.28	\$ 0.52
December 31, 2005	\$ 0.27	\$ 0.40
March 31, 2006	\$ 0.36	\$ 2.27
June 30, 2006	\$ 1.44	\$ 3.00

</TABLE>

The source of this information is the OTC Bulletin Board and other quotation services. The quotations reflect inter-dealer prices, without retail markup, markdown or commission and may not represent actual transactions.

Holders

As of September 15, 2006 there were approximately 230 holders of record of our common stock (this number does not include beneficial owners who hold shares at broker/dealers in "street-name").

Dividends

To date, we have not paid any dividends on our common stock and do not expect to declare or pay any dividends on such common stock in the foreseeable future. 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.

Recent Sales of Unregistered Securities

Information regarding the issuance and sales of securities without registration during the fiscal year ended June 30, 2006, has previously been included in Quarterly Reports on Forms 10-QSB and Current Reports on Form 8-K filed during and subsequent to the period covered by this report.

Repurchases of equity securities

We did not repurchase any of its outstanding equity securities during the fourth quarter of the year ended June 30, 2006.

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MANAGEMENT'S PLAN OF OPERATION

Statements contained herein that are not historical facts are forward-looking statements. Although we believe that the expectations reflected in such forward-looking statements are reasonable, the forward-looking statements are subject to risks and uncertainties that could cause actual results to differ from those projected. We caution investors that any forward-looking statements made by us are not guarantees of future performance and that actual results may differ materially from those in the forward-looking statements. Such risks and uncertainties include, without limitation: well-established competitors who have substantially greater financial resources and longer operating histories, regulatory delays or denials, ability to compete as a start-up company in a highly competitive market, and access to sources of capital.

The following discussion and analysis should be read in conjunction with our financial statements and notes thereto included elsewhere in this Form 10-KSB. Except for the historical information contained herein, the discussion in this Form 10-KSB contains certain forward-looking statements that involve risks and uncertainties, such as statements of our plans, objectives, expectations and intentions. The cautionary statements made in this Form 10-KSB should be read as being applicable to all related forward-looking statements wherever they appear in this Form 10-KSB. Our actual results could differ materially from those discussed here.

To date we have recorded nominal revenues from the sales of prototypes. Our Company is still considered a development stage company for accounting purposes. From inception on February 12, 1996 through June 30, 2006, we have accrued an accumulated deficit of approximately \$21.4 million.

At June 30, 2006, all of our assets were current assets of \$1,605,863, consisting of cash of \$1,496,818 and prepaid expenses of \$109,045. All of our property and equipment has been fully depreciated.

At June 30, 2006, all of our liabilities were current liabilities of \$687,603, consisting of accounts payable and accruals. Of this amount, payables for legal fees (including associated filing fees) related to patent filings accounting for approximately \$520,000 of the total.

At June 30, 2006, total stockholder's equity was \$918,260.

Our net loss for the year ended June 30, 2006 was \$2,104,285, compared to a net loss of \$1,812,265 for the prior fiscal year. The primary expenses during the year ended June 30, 2006, were: legal and accounting (\$456,911); salaries (\$602,741); consulting fees (\$718,025); general and administrative (\$113,539); and travel and entertainment (\$98,385).

Each of these major expense categories decreased significantly from prior periods:

- Legal and accounting expenses were \$456,911 in fiscal 2006, down 53% from \$967,581 in fiscal 2005 and down 50% from \$909,398 in fiscal 2004.
- Salaries were \$602,741 in fiscal 2006, up 2% from \$588,930 in fiscal 2005 and down 25% from \$685,023 in fiscal 2004.
- General and administrative expenses were \$113,539 in fiscal 2006, down 26% from \$154,338 in fiscal 2005 and down 7% from \$123,596 in fiscal 2004.
- Travel and entertainment expenses were \$98,385 in fiscal 2006, down 8% from \$107,069 in fiscal 2005 and down 26% from \$133,132 in fiscal 2004.

The only major expense category that increased significantly from prior periods was consulting expenses. Consulting expenses were \$718,025 in fiscal 2006, up 107% from \$346,339 in fiscal 2005 and up 34% from \$536,728 in fiscal 2004. Consulting expenses during the year ended June 30, 2006, included \$466,439 in non-cash expenses (65% of the total consulting expenses) for the issuance of common stock and the granting of options to consultants, with

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\$247,500 attributable to the issuance of common stock to The QuanStar Group LLC. QuanStar was also paid \$105,000 in cash during the year.

In addition, the net loss for the prior year ended June 30, 2005, reflects a one-time reversal of an accrual for research and development of \$397,296 that was due to West Virginia University, as a result of a global settlement of a lawsuit during that year.

Legal fees incurred during the year ended June 30, 2006, were down substantially from prior periods, due to a decrease in patent filings in 2006 and the conclusion and favorable settlement of a lawsuit in 2005.

During the last fiscal year, as a result of management's efforts to significantly reduce our operating expenses, we were able to reduce our cash needs as well. Net Cash Used by Operating Activities during the year ended June 30, 2006 was \$1,543,293, down 25% from 2,064,331 in fiscal 2005 and down 27% from \$2,119,707 in fiscal 2004.

Presently, we are focusing all of its resources on the researching, developing and commercializing of our ElectriPlast(R) technologies.

We are not in the manufacturing business and do not expect to make any capital purchases of a manufacturing plant or significant equipment in the next twelve months.

Our business strategy focuses on leveraging our intellectual property rights and our strengths in product design and material innovation. We are focusing our marketing efforts on securing licensing agreements for applications of our ElectriPlast(R) technologies with manufacturers of products which would benefit from the incorporation of any of the ElectriPlast(R) applications.

We anticipate spending approximately \$250,000 over the next twelve months on ongoing research and development (primarily salaries and consulting fees) of the different applications and uses of our technologies.

During the next twelve months, we do not anticipate increasing our staff.

As of June 30, 2006, we had \$1,496,818 in cash on hand. Approximately \$1.2 million of this amount represents proceeds from the exercise of outstanding warrants by warrant holders in June 2006. Subsequent to year end, we completed a private placement of common stock and common stock purchase warrants and raised an additional \$2,361,074. Accordingly, management believes that there is adequate cash on hand to fund operations over the next twelve months.

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FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The audited financial statements and an index thereto commences on the index to the financial statements, which page follows this page.

CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON
ACCOUNTING AND FINANCIAL DISCLOSURE

None.

CONTROLS AND PROCEDURES

DISCLOSURE CONTROLS AND PROCEDURES

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and that such information is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management necessarily was required to apply its judgment in assessing the costs and benefits of such controls and procedures.

With the participation of management, our Chief Executive Officer and Chief Financial Officer evaluated the effectiveness of the design and operation of our disclosure controls and procedures at the conclusion of the period ended June 30, 2006. Based upon this evaluation, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective in ensuring that material information required to be disclosed is included in the reports that we file with the Securities and Exchange Commission.

There were no significant changes in our disclosure controls or in other factors that could significantly affect those controls subsequent to the date of this evaluation, including any corrective actions with regard to significant deficiencies and weaknesses.

INTERNAL CONTROL OVER FINANCIAL REPORTING

Management has not yet completed, and is not yet required to have completed, its assessment of the effectiveness of internal control over financial reporting as required by Section 404 of the Sarbanes-Oxley Act of 2002, as amended.

OTHER INFORMATION

None.

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INTEGRAL TECHNOLOGIES, INC.
(A DEVELOPMENT STAGE COMPANY)

CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2006, 2005 AND 2004
(US DOLLARS)

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Consolidated Statements of Stockholders' Equity (Deficit)	F-4 - F-8
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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

TO THE DIRECTORS AND STOCKHOLDERS OF INTEGRAL TECHNOLOGIES, INC.
(A DEVELOPMENT STAGE COMPANY)

We have audited the consolidated balance sheets of Integral Technologies, Inc. (A Development Stage Company) as of June 30, 2006 and 2005 and the statements of operations, stockholders' equity (deficit) and cash flows for each of the years ended June 30, 2006, 2005 and 2004 and the cumulative totals for the development stage of operations from February 12, 1996 (inception) through June 30, 2006. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. The financial statements of Integral Technologies, Inc. from February 12, 1996 (inception) through June 30, 1996 were audited by other auditors whose report dated November 20, 1996, expressed an unqualified opinion on those statements. Our opinion insofar as it relates to the cumulative totals for development stage operations from February 12, 1996 (inception) through June 30, 1996, is based solely on the report of the other auditors.

We conducted our audits in accordance with auditing standards of the Public Company Accounting Oversight Board (United States of America). Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the report of the other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the report of the other auditors, these consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at June 30, 2006 and 2005 and the consolidated results of its operations and its cash flows for each of the years ended June 30, 2006, 2005 and 2004 and the cumulative totals for the development stage of operations from February 12, 1996 (inception) through June 30, 2006 in conformity with accounting principles generally accepted in the United States of America.

"Pannell Kerr Forster" (signed)

(Registered with the PCAOB as "Smythe Ratcliffe")
Chartered Accountants

Vancouver, Canada
September 19, 2006

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<TABLE>
<CAPTION>
INTEGRAL TECHNOLOGIES, INC.
(A DEVELOPMENT STAGE COMPANY)
CONSOLIDATED BALANCE SHEETS
JUNE 30
(US DOLLARS)

	2006	2005
<S>	<C>	<C>
Assets		
CURRENT		
Cash	\$ 1,496,818	\$ 1,791,442
Prepaid expenses (note 4(a)(ii)(b))	109,045	272,142
TOTAL CURRENT ASSETS	1,605,863	2,063,584
PROPERTY AND EQUIPMENT (note 3)	0	8,219
TOTAL ASSETS	\$ 1,605,863	\$ 2,071,803
LIABILITIES		
CURRENT		
Accounts payable and accruals (note 6)	\$ 687,603	\$ 581,325
TOTAL CURRENT LIABILITIES	687,603	581,325
STOCKHOLDERS' EQUITY (note 4)		
PREFERRED STOCK AND PAID-IN CAPITAL IN EXCESS OF \$0.001 PAR VALUE		
20,000,000 Shares authorized		
308,538 (2005 - 308,538) Shares issued and outstanding (note 4(b))	308,538	308,538
COMMON STOCK AND PAID-IN CAPITAL IN EXCESS OF \$0.001 PAR VALUE		
150,000,000 Shares authorized		
44,234,432 (2005 - 42,439,149) Shares issued and outstanding (note 4(a))	22,035,483	20,522,085
PROMISSORY NOTES RECEIVABLE (note 4(e))	(32,500)	(66,500)
OTHER COMPREHENSIVE INCOME	46,267	46,267
DEFICIT ACCUMULATED DURING THE DEVELOPMENT STAGE	(21,439,528)	(19,319,912)
TOTAL STOCKHOLDERS' EQUITY	918,260	1,490,478
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 1,605,863	\$ 2,071,803

</TABLE>

See notes to consolidated financial statements. F-2

<TABLE>

<CAPTION>

INTEGRAL TECHNOLOGIES, INC.
(A DEVELOPMENT STAGE COMPANY)
CONSOLIDATED STATEMENTS OF OPERATIONS
(US DOLLARS)

	YEARS ENDED JUNE 30,			PERIOD FROM
	2006	2005	2004	FEBRUARY 12, 1996 (INCEPTION) THROUGH JUNE 30, 2006
<S>	<C>	<C>	<C>	<C>
REVENUES	\$ 0	\$ 11,158	\$ 1,483	\$ 249,308
COST OF SALES	0	0	0	216,016
	0	11,158	1,483	33,292
OTHER INCOME	2,096	55,462	0	660,401
	2,096	66,620	1,483	693,693
EXPENSES				
Consulting	718,025	346,339	536,728	3,756,609
Salaries	602,741	588,930	685,023	5,133,142
Legal and accounting	456,911	967,581	909,398	3,510,059
General and administrative	113,539	154,338	123,596	897,891
Travel and entertainment	98,385	107,069	133,132	1,082,254
Telephone	41,268	29,312	38,375	366,255
Rent	37,290	32,816	33,631	357,355
Advertising	25,511	17,500	6,000	320,266
Bank charges and interest, net	4,895	9,264	55,374	177,388
Write-off of investments	0	1	0	1,250,000
Non-competition agreement	0	0	0	711,000
Write-down of license and operating assets	0	0	0	1,855,619
Interest on beneficial conversion feature	0	0	0	566,455
Bad debts (recovery)	0	0	(23,958)	52,613
Settlement of lawsuit	0	0	0	45,250
Research and development	0	(397,296)	0	847,459
Financing fees	(499)	0	25,000	129,043
Depreciation and amortization	8,219	23,031	23,032	324,386
	2,106,285	1,878,885	2,545,331	21,383,044
NET LOSS	\$ (2,104,189)	\$ (1,812,265)	\$ (2,543,848)	\$ (20,689,351)
NET LOSS PER COMMON SHARE	\$ (0.05)	\$ (0.04)	\$ (0.07)	
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	42,814,988	40,490,001	36,391,491	

</TABLE>

See notes to consolidated financial statements. F-3

<TABLE>

<CAPTION>

INTEGRAL TECHNOLOGIES, INC.
(A DEVELOPMENT STAGE COMPANY)
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)
(US DOLLARS)

	SHARES OF COMMON STOCK ISSUED	COMMON STOCK AND PAID-IN CAPITAL IN EXCESS OF PAR	SHARES OF PREFERRED STOCK ISSUED	PREFERRED STOCK AND PAID-IN CAPITAL IN EXCESS OF PAR	PROMISSORY NOTES RECEIVABLE	SHARE SUBSCRIPTIONS
<S>	<C>	<C>	<C>	<C>	<C>	<C>
SHARES ISSUED FOR						
Cash	1,000,000	\$ 10,000	0	\$ 0	\$ 0	\$ 0
Property and equipment (to officers and directors)	1,500,000	15,000	0	0	0	0
Services (provided by officers and directors)	2,000,000	20,000	0	0	0	0
Services (others)	1,500,000	15,000	0	0	0	0
Foreign currency translation	0	0	0	0	0	0
Net loss for year	0	0	0	0	0	0
BALANCE, JUNE 30, 1996	6,000,000	60,000	0	0	0	0
SHARES ISSUED FOR						

Cash	5,086,000	865,514	0	0	0	0
Share issue costs	0	(48,920)	0	0	0	0
Services	564,000	63,036	0	0	0	0
Acquisition of subsidiary	100,000	275,000	0	0	0	0
Foreign currency translation	0	0	0	0	0	0
Net loss for year	0	0	0	0	0	0

BALANCE, JUNE 30, 1997	11,750,000	1,214,630	0	0	0	0
SHARES ISSUED FOR						
Cash	825,396	650,000	0	0	0	0
Share issue costs	0	(78,000)	0	0	0	0
Foreign currency translation	0	0	0	0	0	0
Net loss for year	0	0	0	0	0	0

BALANCE, JUNE 30, 1998	12,575,396	\$ 1,786,630	0	\$ 0	\$ 0	0

	OTHER COMPREHENSIVE INCOME	DEFICIT ACCUMULATED DURING THE DEVELOPMENT STAGE	TOTAL STOCKHOLDERS' EQUITY (DEFICIT)
<S>	<C>	<C>	<C>
SHARES ISSUED FOR			
Cash	\$ 0	\$ 0	\$ 10,000
Property and equipment (to officers and directors)	0	0	15,000
Services (provided by officers and directors)	0	0	20,000
Services (others)	0	0	15,000
Foreign currency translation	(1,226)	0	(1,226)
Net loss for year	0	(344,843)	(344,843)

BALANCE, JUNE 30, 1996	(1,226)	(344,843)	(286,069)
SHARES ISSUED FOR			
Cash	0	0	865,514
Share issue costs	0	0	(48,920)
Services	0	0	63,036
Acquisition of subsidiary	0	0	275,000
Foreign currency translation	12,601	0	12,601
Net loss for year	0	(822,217)	(822,217)

BALANCE, JUNE 30, 1997	11,375	(1,167,060)	58,945
SHARES ISSUED FOR			
Cash	0	0	650,000
Share issue costs	0	0	(78,000)
Foreign currency translation	24,860	0	24,860
Net loss for year	0	(937,373)	(937,373)

BALANCE, JUNE 30, 1998	\$ 36,235	\$ (2,104,433)	\$ (281,568)

See notes to consolidated financial statements. F-4

<TABLE>

<CAPTION>

INTEGRAL TECHNOLOGIES, INC.

(A DEVELOPMENT STAGE COMPANY)

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)

(U.S. DOLLARS)

	SHARES OF COMMON STOCK ISSUED	COMMON STOCK AND PAID-IN CAPITAL IN EXCESS OF PAR	SHARES OF PREFERRED STOCK ISSUED	PREFERRED STOCK AND PAID-IN CAPITAL IN EXCESS OF PAR	PROMISSORY NOTES RECEIVABLE	SHARE SUBSCRIPTIONS
<S>	<C>	<C>	<C>	<C>	<C>	<C>
BALANCE, JUNE 30, 1998	12,575,396	\$ 1,786,630	0	\$ 0	0	0
SHARES ISSUED FOR						
Cash	200,000	50,000	0	0	0	0
Exercise of stock options	445,000	80,500	0	0	0	0
Promissory note	1,683,789	252,568	0	0	(284,068)	0
Settlement of lawsuit	150,000	15,000	0	0	0	0
Services (provided by officers and directors)	666,666	100,000	0	0	0	0
Share issue costs	0	(100,500)	0	0	0	0
Services	250,000	50,000	0	0	0	0
Conversion of convertible debentures	3,869,120	525,813	0	0	0	0
Acquisition of subsidiary	1,800,000	619,200	0	0	0	0
Held in escrow	447,091	0	0	0	0	0
Stock option benefit	0	70,600	0	0	0	0
Beneficial conversion feature	0	566,456	0	0	0	0
Foreign currency translation	0	0	0	0	0	0
Net loss for year	0	0	0	0	0	0

BALANCE JUNE 30, 1999	22,087,062	4,016,267	0	0	(284,068)	0
SHARES ISSUED FOR						
Cash on private placement	2,650,000	3,975,000	0	0	0	0
Exercise of options	1,245,000	256,700	0	0	0	0
Services	50,000	13,000	0	0	0	0
Settlement of debt	0	0	664,410	664,410	0	0
Shares released from escrow	0	75,558	0	0	0	0
Stock option benefit	0	48,256	0	0	0	0
Promissory note repayment	0	0	0	0	225,568	0
Foreign currency translation	0	0	0	0	0	0
Net loss for year	0	0	0	0	0	0

BALANCE, JUNE 30, 2000 26,032,062 \$ 8,384,781 664,410 \$ 664,410 \$ (58,500) \$ 0

DEFICIT ACCUMULATED DURING THE DEVELOPMENT STAGE TOTAL STOCKHOLDERS' EQUITY (DEFICIT)

<S>	<C>	<C>	<C>
	OTHER COMPREHENSIVE INCOME	DEFICIT ACCUMULATED DURING THE DEVELOPMENT STAGE	TOTAL STOCKHOLDERS' EQUITY (DEFICIT)
BALANCE, JUNE 30, 1998	\$ 36,235	\$ (2,104,433)	\$ (281,568)
SHARES ISSUED FOR			
Cash	0	0	50,000
Exercise of stock options	0	0	80,500
Promissory note	0	0	(31,500)
Settlement of lawsuit	0	0	15,000
Services (provided by officers and directors)	0	0	100,000
Share issue costs	0	0	(100,500)
Services	0	0	50,000
Conversion of convertible debentures	0	0	525,813
Acquisition of subsidiary	0	0	619,200
Held in escrow	0	0	0
Stock option benefit	0	0	70,600
Beneficial conversion feature	0	0	566,456
Foreign currency translation	8,444	0	8,444
Net loss for year	0	(1,404,021)	(1,404,021)

BALANCE JUNE 30, 1999	44,679	(3,508,454)	268,424
SHARES ISSUED FOR			
Cash on private placement	0	0	3,975,000
Exercise of options	0	0	256,700
Services	0	0	13,000
Settlement of debt	0	0	664,410
Shares released from escrow	0	0	75,558
Stock option benefit	0	0	48,256
Promissory note repayment	0	0	225,568
Foreign currency translation	1,614	0	1,614
Net loss for year	0	(1,537,402)	(1,537,402)

BALANCE, JUNE 30, 2000 \$ 46,293 \$ (5,045,856) \$ 3,991,128

</TABLE>

See notes to consolidated financial statements. F-5

<TABLE>

<CAPTION>

INTEGRAL TECHNOLOGIES, INC.

(A DEVELOPMENT STAGE COMPANY)

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)

(US DOLLARS)

<S>	<C>	<C>	<C>	<C>	<C>	<C>
	SHARES OF COMMON STOCK ISSUED	COMMON STOCK AND PAID IN CAPITAL IN EXCESS OF PAR	SHARES OF PREFERRED STOCK ISSUED	PREFERRED STOCK AND PAID- IN CAPITAL IN EXCESS OF PAR	PROMISSORY NOTES RECEIVABLE	SHARE SUBSCRIPTIONS
BALANCE, JUNE 30, 2000	26,032,062	\$ 8,384,781	664,410	\$ 664,410	\$ (58,500)	\$ 0
SHARES ISSUED FOR						
Cash on private placement	81,885	112,480	0	0	0	0
Exercise of options	517,000	91,515	0	0	0	0
Services	100,000	40,000	0	0	0	0
Held in escrow	218,115	0	0	0	0	0
Stock option benefit	0	272,207	0	0	0	0
Dividends on preferred shares	0	0	0	0	0	0
Share subscriptions	0	0	0	0	0	50,000
Redeemed shares	0	0	(100,000)	(100,000)	0	0
Foreign currency translation	0	0	0	0	0	0
Net loss for year	0	0	0	0	0	0
BALANCE, JUNE 30, 2001	26,949,062	8,900,983	564,410	564,410	(58,500)	50,000
SHARES ISSUED FOR						
Proprietary non-competition agreement	450,000	711,000	0	0	0	0

Held in escrow	700,000	0	0	0	0	0
Exercise of options	2,263,500	971,200	0	0	(15,000)	(10,000)
Exercise of warrants	325,000	130,000	0	0	0	0
Subscriptions	100,000	40,000	0	0	0	(40,000)
Stock option compensation	0	415,685	0	0	0	0
Shares released from escrow	0	954,582	0	0	0	0
Dividends on preferred shares	0	0	0	0	0	0
Redeemed shares	0	0	(124,800)	(124,800)	0	0
Write-off of promissory note receivable	0	(7,000)	0	0	7,000	0
Net loss for year	0	0	0	0	0	0

BALANCE, JUNE 30, 2002 30,787,562 \$ 12,116,450 439,610 \$ 439,610 \$ (66,500) \$ 0

	OTHER COMPREHENSIVE INCOME	DEFICIT ACCUMULATED DURING THE DEVELOPMENT STAGE	TOTAL STOCKHOLDERS' EQUITY (DEFICIT)
--	----------------------------	--	--------------------------------------

<S>	<C>	<C>	<C>
BALANCE, JUNE 30, 2000	\$ 46,293	\$ (5,045,856)	\$ 3,991,128
SHARES ISSUED FOR			
Cash on private placement	0	0	112,480
Exercise of options	0	0	91,515
Services	0	0	40,000
Held in escrow	0	0	0
Stock option benefit	0	0	272,207
Dividends on preferred shares	0	(30,720)	(30,720)
Share subscriptions	0	0	50,000
Redeemed shares	0	(100,000)	(200,000)
Foreign currency translation	(26)	0	(26)
Net loss for year	0	(4,000,169)	(4,000,169)

BALANCE, JUNE 30, 2001	46,267	(9,176,745)	326,415
SHARES ISSUED FOR			
Proprietary non-competition agreement	0	0	711,000
Held in escrow	0	0	0
Exercise of options	0	0	946,200
Exercise of warrants	0	0	130,000
Subscriptions	0	0	0
Stock option compensation	0	0	415,685
Shares released from escrow	0	0	954,582
Dividends on preferred shares	0	(26,087)	(26,087)
Redeemed shares	0	(187,200)	(312,000)
Write-off of promissory note receivable	0	0	0
Net loss for year	0	(3,836,191)	(3,836,191)

BALANCE, JUNE 30, 2002 \$ 46,267 \$(13,226,223) \$ (690,396)

</TABLE>

See notes to consolidated financial statements. F-6

<TABLE>

<CAPTION>

INTEGRAL TECHNOLOGIES, INC.
(A DEVELOPMENT STAGE COMPANY)
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)
(US DOLLARS)

	SHARES OF COMMON STOCK ISSUED	COMMON STOCK AND PAID-IN CAPITAL IN EXCESS OF PAR	SHARES OF PREFERRED STOCK ISSUED	PREFERRED STOCK AND PAID IN-CAPITAL IN EXCESS OF PAR	PROMISSORY NOTES RECEIVABLE	SHARE SUBSCRIPTIONS
<S>	<C>	<C>	<C>	<C>	<C>	<C>
BALANCE, JUNE 30, 2002	30,787,562	\$ 12,116,450	439,610	\$ 439,610	\$ (66,500)	\$ 0
SHARES ISSUED FOR			0			
Cash on private placement	1,684,000	842,050	0	0	0	0
Settlement of debt	144,793	104,542	0	0	0	0
Services	200,000	196,000	0	0	0	0
Exercise of options	52,500	43,750	0	0	0	0
Exercise of warrants	55,000	27,500	0	0	0	0
Subscription received	0	0	0	0	0	176,665
Stock option compensation	0	5,460	0	0	0	0
Settlement of lawsuit (note 9(b))	0	0	0	0	0	35,250
Dividends on preferred shares	0	0	0	0	0	0
Net loss for year	0	0	0	0	0	0
BALANCE, JUNE 30, 2003	32,923,855	13,335,752	439,610	439,610	(66,500)	211,915
SHARES ISSUED FOR						
Cash on private placement	6,609,336	6,042,935	0	0	0	(211,915)
Cash on exercise of options	25,000	25,000	0	0	0	0
Settlement of lawsuit (note 8(b))	37,500	35,250	0	0	0	0
Services	25,000	21,873	0	0	0	0

Redemption of preferred shares	415,000	415,000	(118,572)	(118,572)	0	0
Exercise of warrants	288,298	0	0	0	0	0
Shares returned to treasury for cancellation	(142,140)	0	0	0	0	0
Stock option compensation	0	321,275	0	0	0	0
Dividends on preferred shares	0	0	0	0	0	0
Net loss for year	0	0	0	0	0	0

BALANCE, JUNE 30, 2004 40,181,849 \$ 20,197,085 321,038 \$ 321,038 \$ (66,500) \$ 0

DEFICIT ACCUMULATED DURING THE DEVELOPMENT STAGE TOTAL STOCKHOLDERS' EQUITY (DEFICIT)

OTHER COMPREHENSIVE INCOME <C> <C> <C>

BALANCE, JUNE 30, 2002	\$ 46,267	\$ (13,226,223)	\$ (690,396)
SHARES ISSUED FOR			
Cash on private placement	0	0	842,050
Settlement of debt	0	0	104,542
Services	0	0	196,000
Exercise of options	0	0	43,750
Exercise of warrants	0	0	27,500
Subscription received	0	0	176,665
Stock option compensation	0	0	5,460
Settlement of lawsuit (note 9(b))	0	0	35,250
Dividends on preferred shares	0	(22,060)	(22,060)
Net loss for year	0	(1,346,833)	(1,346,833)

BALANCE, JUNE 30, 2003	46,267	(14,595,116)	(628,072)
SHARES ISSUED FOR			
Cash on private placement	0	0	5,831,020
Cash on exercise of options	0	0	25,000
Settlement of lawsuit (note 8(b))	0	0	35,250
Services	0	0	21,873
Redemption of preferred shares	0	(296,428)	0
Exercise of warrants	0	0	0
Shares returned to treasury for cancellation	0	0	0
Stock option compensation	0	0	321,275
Dividends on preferred shares	0	(19,016)	(19,016)
Net loss for year	0	(2,543,848)	(2,543,848)

BALANCE, JUNE 30, 2004 \$ 46,267 \$ (17,454,408) \$ 3,043,482

</TABLE>

See notes to consolidated financial statements. F-7

<TABLE>

<CAPTION>

INTEGRAL TECHNOLOGIES, INC.
(A DEVELOPMENT STAGE COMPANY)
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)
(US DOLLARS)

	SHARES OF COMMON STOCK ISSUED	COMMON STOCK AND PAID-IN CAPITAL IN EXCESS OF PAR	SHARES OF PREFERRED STOCK ISSUED	PREFERRED STOCK AND PAID IN-CAPITAL IN EXCESS OF PAR	PROMISSORY NOTES RECEIVABLE	SHARE SUBSCRIPTIONS
BALANCE, JUNE 30, 2004	40,181,849	\$ 20,197,085	321,038	\$ 321,038	\$ (66,500)	\$ 0
SHARES ISSUED FOR						
Settlement of debt	44,000	55,000	0	0	0	0
Cashless exercise of warrants	1,713,300	0	0	0	0	0
For services	500,000	270,000	0	0	0	0
Redemption of preferred shares	0	0	(12,500)	(12,500)	0	0
Dividends on preferred shares	0	0	0	0	0	0
Net loss for year	0	0	0	0	0	0
BALANCE, JUNE 30, 2005	42,439,149	20,522,085	308,538	308,538	(66,500)	0
SHARES ISSUED FOR						
Exercise of options	200,000	134,000	0	0	0	0
Cashless exercise of warrants	35,115	0	0	0	0	0
For services	269,000	191,510	0	0	0	0
Exercise of warrants	1,291,168	1,080,669	0	0	0	0
Repayment of promissory note	0	0	0	0	34,000	0
Dividends on preferred shares	0	0	0	0	0	0
Stock option compensation	0	107,219	0	0	0	0
Net loss for year	0	0	0	0	0	0
BALANCE, JUNE 30, 2006	44,234,432	\$ 22,035,483	308,538	308,538	\$ (32,500)	\$ 0

	OTHER COMPREHENSIVE INCOME	DEFICIT ACCUMULATED DURING THE DEVELOPMENT STAGE	TOTAL STOCKHOLDERS' EQUITY (DEFICIT)
<S>	<C>	<C>	<C>
BALANCE, JUNE 30, 2004	\$ 46,267	\$ (17,454,408)	\$ 3,043,482
SHARES ISSUED FOR			
Settlement of debt	0	0	55,000
Cashless exercise of warrants	0	0	0
For services	0	0	270,000
Redemption of preferred shares	0	(37,500)	(50,000)
Dividends on preferred shares	0	(15,739)	(15,739)
Net loss for year	0	(1,812,265)	(1,812,265)
BALANCE, JUNE 30, 2005	46,267	(19,319,912)	1,490,478
SHARES ISSUED FOR			
Exercise of options	0	0	134,000
Cashless exercise of warrants	0	0	0
For services	0	0	191,510
Exercise of warrants	0	0	1,080,669
Repayment of promissory note	0	0	34,000
Dividends on preferred shares	0	(15,427)	(15,427)
Stock option compensation	0	0	107,219
Net loss for year	0	(2,104,189)	(2,104,189)
BALANCE, JUNE 30, 2006	\$ 46,267	\$ (21,439,528)	\$ 918,260

</TABLE>

See notes to consolidated financial statements. F-8

<TABLE>

<CAPTION>

INTEGRAL TECHNOLOGIES, INC.
(A DEVELOPMENT STAGE COMPANY)
CONSOLIDATED STATEMENTS OF CASH FLOWS
(US DOLLARS)

	YEARS ENDED, JUNE 30			PERIOD FROM FEBRUARY 12, 1996 (INCEPTION) THROUGH JUNE 30, 2006
	2006	2005	2004	
<S>	<C>	<C>	<C>	<C>
OPERATING ACTIVITIES				
Net loss	\$ (2,104,189)	\$ (1,812,265)	\$ (2,543,848)	\$ (20,689,351)
Adjustments to reconcile net loss to net cash used by operating activities				
Write-down of investment	0	1	0	1,250,000
Other income	0	(55,462)	0	(658,305)
Proprietary, non-competition agreement	0	0	0	711,000
Consulting services	359,220	7,500	61,873	1,323,993
Depreciation and amortization	8,219	23,031	23,032	349,941
Stock option compensation	107,219	0	321,275	1,240,702
Interest on beneficial conversion feature	0	0	0	566,456
Settlement of lawsuit	0	0	0	60,250
Write-down of license and operating assets	0	0	0	1,853,542
Bad debt	0	0	1,141	77,712
Due to West Virginia University Research Corporation	0	(397,296)	0	0
Changes in non-cash working capital				
Due from affiliated company	0	0	0	(116,000)
Notes and accounts receivable	0	0	0	(109,213)
Inventory	0	0	0	(46,842)
Prepaid expenses	(4,613)	16,449	(14,247)	(14,255)
Deferred revenue and other	0	0	0	(2,609)
Accounts payable and accruals	90,851	153,711	31,067	991,457
NET CASH USED IN OPERATING ACTIVITIES	(1,543,293)	(2,064,331)	(2,119,707)	(13,211,522)
INVESTING ACTIVITIES				
Purchase of property, equipment and Intangibles assets	0	0	0	(200,935)
Assets acquired and liabilities assumed on purchase of subsidiary	0	0	0	(129,474)
Investment in and advances to affiliate companies	0	0	0	(2,000,000)
License agreements	0	0	0	(124,835)
NET CASH USED IN INVESTING ACTIVITIES	0	0	0	(2,455,244)
FINANCING ACTIVITIES				
Redemption of preferred shares	0	(50,000)	0	(50,000)
Repayment of loan	34,000	0	0	(11,000)
Advances from stockholders	0	0	0	1,078,284
Repayments to stockholders	0	0	0	(94,046)
Subscriptions received	0	0	0	226,665
Proceeds from issuance of common stock	1,214,669	0	5,851,270	15,594,834
Proceeds from convertible debentures	0	0	0	600,000

Share issue costs	0	0	0	(227,420)

NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	1,248,669	(50,000)	5,851,270	17,117,317

EFFECT OF FOREIGN CURRENCY TRANSLATION ON CASH	0	0	0	46,267

INCREASE (DECREASE) IN CASH	(294,624)	(2,114,331)	3,731,563	1,496,818
CASH, BEGINNING OF YEAR	1,791,442	3,905,773	174,210	0

CASH, END OF YEAR	\$ 1,496,818	\$ 1,791,442	\$ 3,905,773	\$ 1,496,818
=====				

</TABLE>

Supplemental disclosure of cash flow information (note 5)

See notes to consolidated financial statements. F-9

INTEGRAL TECHNOLOGIES, INC.

(A DEVELOPMENT STAGE COMPANY)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2006, 2005 AND 2004

(US DOLLARS)

1. INCORPORATION AND NATURE OF OPERATIONS

The Company was incorporated under the laws of the State of Nevada on February 12, 1996 and has its head office in Bellingham, Washington, USA. The Company is in the development stage as more fully defined in Statement No. 7 of the Financial Accounting Standards Board. The Company is in the business of researching, developing and commercializing new antenna technologies.

The Company will be devoting all of its resources to the research, development and commercialization of its antenna technologies. As a consequence, the value for the license of all other technologies was written off in 2001.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Principles of consolidation

These financial statements include the accounts of Integral Technologies, Inc. (a development stage company), its wholly-owned subsidiaries, Integral Vision Systems, Inc. ("IVSI"), Antek Wireless Inc. ("Antek") and Plastenna, Inc. ("Plastenna"), a Delaware corporation, and its 76.625%-owned subsidiary, Emergent Technologies Corp. ("ETC"). All intercompany balances and transactions have been eliminated.

(b) Depreciation

Depreciation is provided using the straight-line method based on the following estimated useful lives:

Machinery, furniture and equipment	-	5 years
Computer hardware and software	-	5 years
Moulds	-	5 years

The Company reviews long-term assets to determine if the carrying amount is recoverable based on the estimate of future cash flow expected to result from the use of the asset and its eventual disposition. If in this determination there is an apparent shortfall, the loss will be recognized as a current charge to operations.

(c) Loss per share

Basic loss per share computations are based on the weighted average number of common shares outstanding during the year. Common share equivalents consisting of stock options and warrants are not considered in the computation of diluted loss per share because their effect would be anti-dilutive.

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INTEGRAL TECHNOLOGIES, INC.

(A DEVELOPMENT STAGE COMPANY)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2006, 2005 AND 2004

(US DOLLARS)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Stock issued in exchange for services

The valuation of the common stock issued in exchange for services is valued at an estimated fair market value as determined by officers and directors of the Company based upon other sales and issuances of the Company's common stock within the same general time period.

(e) Revenue recognition

As the Company is continuing development of its technologies, no significant revenues have been earned to date. The Company recognizes revenues at the time of delivery of the product to the customers.

(f) Foreign currency translation

Transactions and financial statements for the Company's operations whose functional currency is not the US dollar 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. Revenue and expenses are translated at average rates for the period, except for amortization and depreciation, which are translated on the same basis as the related assets. Resulting translation gains or losses are reflected in net earnings (loss).

(g) Research and development

Research and development expenditures are charged to operations as incurred.

(h) Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and would impact future results of operations and cash flows.

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INTEGRAL TECHNOLOGIES, INC.
(A DEVELOPMENT STAGE COMPANY)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2006, 2005 AND 2004
(US DOLLARS)

=====

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Financial instruments

(i) Fair value

The carrying values of cash, and accounts payable and accruals approximate their fair values because of the short-term maturity of these financial instruments.

(ii) Interest rate risk

The Company is not exposed to significant interest rate risk due to the short-term maturity of its monetary current assets and current liabilities.

(iii) Credit risk

The Company's financial assets that are exposed to credit risk consist primarily of cash, which is placed with major financial institutions.

(iv) Translation risk

The Company translates the results of non-US operations into US currency using rates approximating the average exchange rate for the year. The exchange rate may vary from time to time. This risk is considered nominal as the Company does not incur any significant transactions in currencies other than US dollars.

(j) 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.

(k) Stock-based compensation

Prior to July 1, 2005, the Company accounted for stock-based awards under the recognition and measurement provisions of Accounting Principles Board ("APB") Opinion No. 25, "Accounting for Stock Issued to Employees", using the intrinsic value method of accounting, under which compensation expense was only recognized if the exercise price of the Company's employee stock options was less than the market price of the underlying common stock on the date of grant.

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INTEGRAL TECHNOLOGIES, INC.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Stock-based compensation (Continued)

Had compensation expense been determined as provided in SFAS 123 using the Black-Scholes option pricing model, the pro forma effect on the Company's net loss and per share amounts would have been as follows:

<TABLE>
<CAPTION>

	2006	2005	2004
<S>	<C>	<C>	<C>
Net loss, as reported	N/A	\$ (1,812,265)	\$ (2,543,848)
Deduct: Stock-based employee compensation expense under intrinsic value method included in reported net loss, net of related tax effects	N/A	0	136,750
Add: Total stock-based compensation expense determined under fair value based method for all awards, net of related tax effects	N/A	(326,000)	(14,159)
Net loss, pro-forma	N/A	\$ (2,138,265)	\$ (2,421,257)
Net loss per share, as reported	N/A	\$ (0.04)	\$ (0.07)
Deduct: Stock-based employee compensation expense under intrinsic value method included in reported net loss, net of related tax effects	N/A	0.00	0.00
Add: Total stock-based compensation expense determined under fair value based method for all awards, net of related tax effects	N/A	(0.01)	0.00
Net loss per share, pro-forma	N/A	\$ (0.05)	\$ (0.07)

</TABLE>

Effective July 1, 2005, the Company adopted the fair value recognition provisions of SFAS No. 123R, "Share-Based Payments", using the modified retrospective transition method for the current fiscal year.

The fair value for options granted was estimated at the date of grant using the Black-Scholes option pricing model. During the year ended June 30, 2006, the Company recorded stock-based compensation of \$107,219 (2005 - \$Nil; 2004 - \$321,275) as consulting expense.

During the 2006 fiscal year, the Company extended the expiry date of 1,295,000 options. These options have been re-measured resulting in \$91,424 additional compensation expense recognized in the year.

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2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Stock-based compensation (Continued)

The fair value of each option grant is calculated using the following weighted average assumptions:

<TABLE>
<CAPTION>

	2006	2005	2004
<S>	<C>	<C>	<C>
Expected life (years)	2	1	1
Interest rate	3.00%	3.45%	3.50%
Volatility	59.09%	75.00%	72.50%
Dividend yield	0.00%	0.00%	0.00%

</TABLE>

Option pricing models require the input of highly subjective assumptions including the expected price volatility. The subjective input assumptions can materially affect the fair value estimate, and therefore, the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock option.

(l) Comprehensive income

Other comprehensive income includes revenues and expenses and unrealized gains and losses that under accounting principles generally accepted in the United States of America are excluded from net income (loss) and are recorded directly as an adjustment to stockholders' equity, net of tax. When the unrealized gains and losses are realized they are reclassified from other comprehensive income and included in net income. The Company's other comprehensive income (loss) is comprised of gains and losses from foreign currency translation adjustments. As at June 30, 2006, the Company has comprehensive income of \$46,267 that relates to foreign operations the Company had in the past. The Company's operations in the foreign jurisdiction were integrated into the main operations of the Company therefore no further comprehensive gains or losses have been incurred.

(m) Recent accounting pronouncements

- (i) FAS 151, Inventory Costs. This statement is effective for inventory costs incurred during fiscal years beginning after June 15, 2005. Earlier application is permitted for inventory costs incurred during fiscal years beginning after November 24, 2004. The provisions of this statement should be applied prospectively. There is no impact on the Company's financial statements.
- (ii) FAS 153, Exchanges of Non-Monetary Assets. The provisions of this statement are effective for non-monetary asset exchanges occurring in fiscal periods beginning after June 15, 2005. Earlier application is permitted for non-monetary asset exchanges occurring in fiscal periods beginning after December 16, 2004. The provisions of this statement should be applied prospectively. There is no impact on the Company's financial statements.

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INTEGRAL TECHNOLOGIES, INC.
 (A DEVELOPMENT STAGE COMPANY)
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 YEARS ENDED JUNE 30, 2006, 2005 AND 2004
 (US DOLLARS)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Recent accounting pronouncements (Continued)

- (iii) In December 2004, the FASB issued Statement No. 123 (revised 2004), "Share-Based Payment" ("SFAS 123(R)"), which requires the measurement and recognition of compensation expense for all stock-based compensation payments and supersedes the Company's current accounting under APB 25. SFAS 123(R) is effective for all annual periods beginning after June 15, 2005. In March 2005, the Securities and Exchange Commission issued Staff Accounting Bulletin No. 107 ("SAB 107") relating to the adoption of SFAS 123(R). The Company adopted SFAS 123(R) in the first quarter of fiscal 2006.

3. PROPERTY AND EQUIPMENT

<TABLE>
 <CAPTION>

	2006	2005
Machinery, furniture and equipment	\$148,940	\$148,940
Computer hardware and software	39,419	39,419
Moulds	4,800	4,800
	193,159	193,159
Less: Accumulated depreciation	193,159	184,940
	\$ 0	\$ 8,219

</TABLE>

4. STOCKHOLDERS' EQUITY (DEFICIT)

(a) Common stock

- (i) During the year ended June 30, 2005, the Company:
 - (a) Issued 44,000 shares to settle debt for \$55,000.
 - (b) Issued 500,000 shares as partial consideration for consulting services to be provided over 12 months. These shares have been recorded at a value of \$270,000

representing the market value of the shares at the date of issuance. The amount was recorded as a prepaid expense to be amortized over the term of the contract.

- (c) Issued 1,713,300 shares on exercise of cashless warrants.

(ii) During the year ended June 30, 2006, the Company

- (a) Issued 19,000 shares for services in the amount of \$29,010.
- (b) Issued 250,000 shares as partial consideration for consulting services to be provided over 12 months. These shares have been recorded at a value of \$162,500 representing the market value of the shares at the date of issuance. The amount was recorded as a prepaid expense to be amortized over the term of the contract.
- (c) Issued 1,291,168 shares in the amount of \$1,080,669 on exercise of warrants.
- (d) Issued 35,115 shares on exercise of cashless warrants.

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INTEGRAL TECHNOLOGIES, INC.
(A DEVELOPMENT STAGE COMPANY)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2006, 2005 AND 2004
(US DOLLARS)

4. STOCKHOLDERS' EQUITY (DEFICIT) (Continued)

(b) Preferred stock

The preferred stock may be issued in one or more series. The distinguishing features of each series including preference, rights and restriction are to be determined by the Company's Board of Directors upon the establishment of each such series.

During the year ended June 30, 2000, the Company designated 1,000,000 of its authorized 20,000,000 preferred shares as Series A Convertible Preferred Stock with a par value of \$0.001 each and a stated value and liquidation preference of \$1.00 per share. Cumulative dividends are accrued at the rate of 5% annually, payable at the option of the Company. The shares may be converted to restricted shares of common stock at the average trading price ten days prior to conversion, and are entitled to votes equal to the number of shares of common stock into which each series of preferred stock may be converted. Each Series A Convertible Preferred Stock may be redeemed by the Company for \$1.50 each within one year after the date of issue, and for \$2.00, \$2.50, \$3.00 and \$3.50 per share in each of the subsequent four years after the date of issue. The Company may, at its discretion, redeem the shares at a price higher than stipulated herein.

During the year ended June 30, 2000, the Company agreed to settle \$383,228 of accounts payable and \$281,182 of long-term debt, both amounts owed to officers and directors of the Company, by issuing 664,410 shares of Series A convertible preferred stock at a par value of \$0.001 and a stated value of \$1.00 per share.

(c) Stock options

In January 2001 the Company adopted the "Integral Technologies, Inc. 2001 Stock Plan" (the "2001 Plan"), a non-qualified stock option plan under which the Company may issue up to 2,500,000 stock options and stock bonuses of common stock of the Company to provide incentives to officers, directors, key employees and other persons who contribute to the success of the Company. This plan was amended December 2001 to increase the number of common share options that may be granted from 2,500,000 to 3,500,000 stock options. As at June 30, 2006, there are 19,500 options available under this plan.

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INTEGRAL TECHNOLOGIES, INC.
(A DEVELOPMENT STAGE COMPANY)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2006, 2005 AND 2004
(US DOLLARS)

4. STOCKHOLDERS' EQUITY (DEFICIT) (Continued)

(c) Stock options (Continued)

The following table summarizes the Company's stock option activity for the years ended June 30, 2006, 2005 and 2004:

<TABLE>
<CAPTION>

	Number of Shares	Exercise Price Per Share	Weighted Average Exercise Price
--	---------------------	--------------------------------	--

<S>	<C>	<C>	<C>	<C>
Balance, June 30, 2003	1,907,500	\$0.40 to \$1.50	\$	0.94
Granted during the year	255,000	\$	1.00	\$ 1.00
Cancelled	(175,000)	\$0.65 to \$1.50	\$	0.77
Exercised	(440,000)	\$	1.00	\$ 1.00

Balance, June 30, 2004	1,547,500	\$0.64 to \$1.50	\$	0.94
Granted during the year	1,000,000	\$	0.50	\$ 0.50
Cancelled	(102,500)	\$0.65 to \$1.50	\$	0.77
Exercised	0	\$	0.00	\$ 0.00

Balance, June 30, 2005	2,445,000	\$0.50 to \$1.16	\$	0.76
Granted during the year	50,000	\$	0.40	\$ 0.40
Cancelled	0	\$	0.00	\$ 0.00
Exercised	(200,000)	\$0.40 to \$1.00	\$	0.67
=====				
Balance, June 30, 2006	2,295,000	\$0.40 to \$1.16	\$	0.76
=====				

</TABLE>

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INTEGRAL TECHNOLOGIES, INC.
(A DEVELOPMENT STAGE COMPANY)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2006, 2005 AND 2004
(US DOLLARS)

4. STOCKHOLDERS' EQUITY (DEFICIT) (Continued)

(c) Stock options (Continued)

The following summarizes the options outstanding and exercisable at June 30, 2006 and 2005 all of which were fully vested at these dates:

<TABLE>
<CAPTION>

<S>	<C>	<C>	<C>	<C>
Expiry Date	Exercise Price	Number of 2006	Shares 2005	
August 31, 2006	\$0.65 to \$1.16	880,000	1,030,000	
December 31, 2007	\$ 1.00	415,000	415,000	
June 30, 2010	\$ 0.50	1,000,000	1,000,000	

Total	\$0.40 to \$1.16	2,295,000	2,445,000	
=====				

</TABLE>

Pursuant to the 2001 Plan:

- (i) The expiry date of 415,000 options was extended to December 31, 2007 and 880,000 options were extended to August 31, 2006, and subsequent to year end, to August 31, 2007.
- (ii) During the year ended June 30, 2003, the Company granted a total of 1,230,000 stock options to officers, directors and key employees at an exercise price of \$1.00 per common share. Of these options, 400,000 fully vested at the date of grant, and 830,000 vested January 1, 2003 and expire December 31, 2005. During the year ended June 30, 2006, the expiry date of 415,000 of these options was extended to December 31, 2007.

In April 2003, the Company adopted the "Integral Technologies, Inc. 2003 Stock Plan" (the "2003 Plan"), a non-qualified stock option plan under which the Company may issue up to 1,500,000 stock options. As of June 30, 2005, no options have been granted with respect to this plan.

During the year ended June 30, 2005, the Company granted a total of 1,000,000 stock options to an employee at an exercise price of \$0.50 per common share. All options are fully vested at the date of grant and expire June 30, 2010.

During the year ended June 30, 2006, the Company granted a total of 50,000 stock options to a consultant at an exercise price of \$0.40 per common share. All options are fully vested at the date of grant and expire December 31, 2007.

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INTEGRAL TECHNOLOGIES, INC.
(A DEVELOPMENT STAGE COMPANY)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2006, 2005 AND 2004
(US DOLLARS)

4. STOCKHOLDERS' EQUITY (DEFICIT) (Continued)

(d) Stock purchase warrants

At June 30, 2006 and 2005, the following stock purchase warrants were outstanding:

<TABLE>
<CAPTION>

Expiry Date	Exercise Price	Number of Shares	
		2006	2005
<S>	<C>	<C>	<C>
November 10, 2005	\$1.19 to \$1.69	0	45,496
November 29, 2005	\$ 0.50	0	842,000 *
June 30, 2006	\$ 1.00	0	449,170 **
Total	\$ Nil to \$1.19	0	1,336,666

</TABLE>

* During the 2006 fiscal year, the expiry date of these warrants was extended to November 29, 2005 from the previous November 1, 2004 expiry date.

** Subsequent to the year-end, the expiry date of these warrants was extended from September 25, 2005 to June 30, 2006.

(e) Promissory notes receivable at June 30, 2006 includes:

- (i) \$17,500 (2005 - \$31,500) due on exercise of 210,000 stock options, interest at 10% per annum, due November 1, 2002, subsequently extended to June 30, 2003.
- (ii) \$Nil (2005 - \$20,000) due on exercise of 100,000 stock options, interest at 8% per annum due June 6, 2002.
- (iii) \$15,000 (2005 - \$15,000) due on exercise of 23,000 stock options, interest at 10% per annum due June 30, 2003.

As at June 30, 2006, \$34,000 of these notes had been collected. Shares issued on exercise of options are restricted for trading. The restrictions will not be removed until the respective notes are paid to the Company.

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INTEGRAL TECHNOLOGIES, INC.
(A DEVELOPMENT STAGE COMPANY)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2006, 2005 AND 2004
(US DOLLARS)

5. SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

<TABLE>
<CAPTION>

	YEARS E 2006	NDED 2005	JUNE 30, 2004	PERIOD FROM
				FEBRUARY 12, 1996 (INCEPTION) Through JUNE 30, 2006
<S>	<C>	<C>	<C>	<C>
SUPPLEMENTAL DISCLOSURE OF NON-CASH TRANSACTIONS				
SHARES ISSUED				
For redemption of preferred shares	\$ 0	\$ 0	\$ 415,000	\$ 415,000
For property and equipment	\$ 0	\$ 0	\$ 0	\$ 23,000
For proprietary agreement	\$ 0	\$ 0	\$ 0	\$ 711,000
For settlement of accounts payable	\$ 0	\$ 55,000	\$ 0	\$ 228,742
For services (provided by officers and directors)	\$ 0	\$ 0	\$ 0	\$ 120,000
For settlement of lawsuit	\$ 0	\$ 0	\$ 0	\$ 15,000
For services	\$191,510	\$270,000	\$ 61,873	\$ 696,784
For acquisition of subsidiary	\$ 0	\$ 0	\$ 0	\$ 894,200
SUPPLEMENTAL CASH FLOW INFORMATION				
Interest paid	\$ 0	\$ 0	\$ 0	\$ 81,111
Income tax paid	\$ 0	\$ 0	\$ 0	\$ 0

</TABLE>

6. RELATED PARTY TRANSACTIONS

- (a) Accounts payable at June 30, 2006 includes \$7,870 (2005 - \$10,727; 2004 - \$29,290) due to two directors and officers of the Company.
- (b) The Company incurred \$360,000 (2005 - \$430,000; 2004 - \$340,000) for wages paid to two directors and officers of the Company.
- (c) The Company incurred \$Nil (2005 - \$Nil; 2004 - \$37,000) for

interest paid to two directors and officers of the Company.

- (d) Promissory notes receivable at June 30, 2006 includes \$32,500 (2005 - \$46,500) for advances made by the Company to an officer of the Company.

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INTEGRAL TECHNOLOGIES, INC.
(A DEVELOPMENT STAGE COMPANY)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2006, 2005 AND 2004
(US DOLLARS)

7. INCOME TAXES

Deferred income taxes reflect the tax effect of the temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. The components of the net deferred income tax assets are as follows:

<TABLE>
<CAPTION>

	2006	2005	2004
<S>	<C>	<C>	<C>
Deferred income tax assets			
Net operating loss and credit Carry-forwards	\$ 5,738,000	\$ 5,300,000	\$ 4,700,000
Excess of tax value of long-term investments and licenses over net book value	254,000	692,000	692,000
Accrued liabilities	5,000	5,000	144,000
Temporary differences on property and equipment depreciation	(3,000)	(3,000)	(3,000)
Gross deferred tax assets	5,994,000	5,994,000	5,533,000
Valuation allowance	(5,994,000)	(5,994,000)	(5,533,000)
	\$ 0	\$ 0	\$ 0

</TABLE>

As at June 30, 2006, the Company's net operating loss carry-forwards for income tax purposes were approximately \$17,512,000 (2005 - \$15,500,000; 2004 - \$13,300,000). If not utilized, they will start to expire in 2012.

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INTEGRAL TECHNOLOGIES, INC.
(A DEVELOPMENT STAGE COMPANY)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2006, 2005 AND 2004
(US DOLLARS)

8. SETTLEMENT OF LAWSUIT

- (a) During the year ended June 30, 2005, the Company settled all past and present claims that the Company and Mr. James Smith and his personal company, Integral Concepts, Inc., have against each other. All parties will release all claims against each other. In addition, Mr. Smith will return to the Company 40,000 shares of its common stock.
- (b) As part of a global settlement, the Company, West Virginia University (WVU) and West Virginia University Research Corp. ("WVURC") have mutually agreed to release all past and present claims that each has against each other under the following terms:
- (i) WVU and WVURC release all past and present claims it has against the Company, including \$397,296 in claimed amounts, vigorously contested by the Company for past research and development work performed by WVURC on the Plasma Ignition Technology, the Colorvision Technology and the CTHA Technology;
 - (ii) Cancellation of the licensing agreement between WVU and Integral Concepts, Inc., for the Plasma Ignition Technology, the Colorvision Technology and the CTHA Technology, which had been previously sub-licensed by Integral Concepts, Inc. to the Company or its subsidiaries; and
 - (iii) WVU will issue new licensing agreements for the aforementioned technologies directly to the Company.

In return, the Company issued 40,000 restricted shares of its common stock to WVU.

As a result of this settlement, the Company reversed a prior accrual of \$397,296 and \$21,492 previously included in accounts payable and

accruals.

9. SUBSEQUENT EVENTS

On September 15, 2006, the Company closed a private placement of 1,180,537 units consisting of common stock at \$2.00 per share and warrants to purchase 590,269 shares of common stock within two years at an exercise price of \$2.50 per share, provide that in the event that the average closing bid price of a share of the Company's common stock exceeds \$4.50 for ten consecutive trading days, the Company has the right to redeem the warrants for \$.01 per share of common stock purchasable hereunder, upon thirty days written notice (the Holder shall have the right to exercise the warrant in accordance with its terms prior to the expiration of the thirty day period). The purchase price attributable to the warrants was \$.001 per share of common stock underlying the warrants. Aggregate proceeds from the sale of the common stock and the warrants was \$2,361,664 (\$2,361,074 for the common stock and \$590 for the warrants). At any time commencing sixty days after the close of the offering, the Investors can require that the Company prepare and file a registration statement to register the shares of common stock (including the shares underlying the warrants) for resale by the investors. The Company also reserves the right to file such a registration statement at any time after the Closing Date on its own initiative.

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PART III

DIRECTORS AND EXECUTIVE OFFICERS

Our Company has a Board of Directors which 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. The members of the Board and the executive officers of our Company and their respective age and position are as follows:

<TABLE>
<CAPTION>

Name	Age	Position with Company	Director of Company Since
<S>	<C>	<C>	<C>
William S. Robinson	49	Director, Chairman, CEO and Treasurer	February 1996
William A. Ince	55	Director, President, Secretary and Chief Financial Officer	February 1996

</TABLE>

WILLIAM ROBINSON
(Chairman, CEO and Treasurer)

As a co-founder of our Company (since 1996), Mr. Robinson has been responsible since the inception of Integral for securing funding in order to ensure the ongoing operations of Integral and its subsidiaries. Together with Mr. Ince, he has been responsible for the development and implementation of corporate strategies.

Mr. Robinson brings many years of management experience in finance, banking and corporate development. Previously, he acted as a director of a number of companies involved in natural resources, sales and marketing, and computer technologies.

WILLIAM A. INCE
(Director, President, Secretary and Chief Financial Officer)

Mr. Ince, a co-founder of our Company (since 1996), is responsible, along with Mr. Robinson, for the development and implementation of corporate strategies. He is also responsible for the accounting and financial systems and record-keeping of Integral and its subsidiaries.

Mr. Ince brings with him a background as a professional accountant and experience from management positions in finance and operations in several private companies. He has consulted to both private and public companies in the areas of marketing and finance, as well as turn-around situations. Mr. Ince has been responsible for "team building" efforts to ensure that each project is brought to fruition on a timely basis.

NON-EXECUTIVE OFFICERS / SIGNIFICANT EMPLOYEES

TOM AISENBREY
(General Manager, Vice President of Product Development and Chief Technology Officer)

Mr. Aisenbrey has been with our Company since February 2001. Mr. Aisenbrey is an accomplished executive program manager with 27 years of experience in a variety of electronic industries, including design & development of multiple computer oriented products, specializing in wireless products.

AUDIT COMMITTEE AND AUDIT COMMITTEE FINANCIAL EXPERT DISCLOSURE

Our Company does not have a separately-designated standing audit committee at this time because it is not required to do so. Accordingly, we do not have an audit committee financial expert.

CODE OF ETHICS

On September 20, 2004, the Board of Directors established a written code of ethics that applies to our senior executive and financial officers. A copy of the code of ethics is incorporated by reference as an exhibit to this annual report. In addition, a copy of the code of ethics is posted on our Company's website at www.itkg.net.

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 regulation 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, 2006, all Section 16(a) filing requirements applicable to our officers, directors and ten percent shareholders were complied with by such persons.

EXECUTIVE COMPENSATION

The following information discloses all plan and non-plan compensation awarded to, earned by, or paid to the executive officers of our Company, and other individuals for whom disclosure is required, for all services rendered in all capacities to our Company and our subsidiaries.

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 Chief Executive Officer and each of the other executive officers (one person) and one non-executive officer, during the fiscal years ended June 30, 2006, 2005 and 2004.

<TABLE>
<CAPTION>

(a) Name And Principal Position	(b) Year Ended June 30	Annual Compensation			(e) Other Annual Compensation (\$)(n5)
		(c) Salary (\$)	(d) Bonus (\$)	(f) Total Cash Compensation (\$)	
<S>	<C>	<C>	<C>	<C>	<C>
William S. Robinson, Director, Chairman, CEO, Treasurer	2006	\$ 180,000	-0-	-0-	-0-
	2005	\$ 180,000	\$ 45,000	-0-	-0-
	2004	\$ 170,000	\$ 57,110	-0-	-0-
William A. Ince, Director, President, Secretary, CFO	2006	\$ 180,000	-0-	-0-	-0-
	2005	\$ 180,000	\$ 25,000	-0-	-0-
	2004	\$ 170,000	-0-	-0-	-0-
Thomas Aisenbrey, Chief Technology Officer (non-executive officer)	2006	\$ 144,000	-0-	-0-	-0-
	2005	\$ 144,000	-0-	-0-	-0-
	2004	\$ 98,265	-0-	-0-	-0-

</TABLE>

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<TABLE>
<CAPTION>

(a) Name And Principal Position	(b) Year Ended June 30	Long Term Compensation				(i) All Other Compensation (\$)
		(f) Restricted Stock Award(s) (\$)	(g) Shares Underlying Options	(h) LTIP Payouts (\$)	(j) Total Long Term Compensation (\$)	
<S>	<C>	<C>	<C>	<C>	<C>	
William S. Robinson, Chairman, CEO, Treasurer	2006	-0-	-0-	-0-	\$ 12,890 (n2)	
	2005	-0-	-0-	-0-	\$ 49,926 (n2, n3, n4)	
	2004	-0-	-0-	-0-	\$ 368,943 (n1, n2)	
William A. Ince, Director, President, Secretary, CFO	2006	-0-	-0-	-0-	\$ 6,650 (n2)	
	2005	-0-	-0-	-0-	\$ 47,614 (n2, n3, n4)	
	2004	-0-	-0-	-0-	\$ 32,268 (n2)	
Thomas Aisenbrey, Chief Technology Officer (non-executive officer)	2006	-0-	-0-	-0-	-0-	
	2005	-0-	1,000,000 (n6)	-0-	-0-	
	2004	-0-	-0-	-0-	-0-	

</TABLE>

(n1) In December 2003, the Board of Directors authorized the redemption of 118,572 shares of Series A Preferred Stock from Mr. Robinson at a predetermined redemption price of \$3.50 per share. The stated value of the Series A Preferred Stock is \$1.00 per share, which resulted in a redemption premium of \$2.50 per share over the stated value (an aggregate of \$296,430). Mr. Robinson tendered the shares of Series A Preferred Stock in

payment of the aggregate exercise price of \$415,000 for the exercise of 415,000 options to purchase common stock, and no cash was paid to Mr. Robinson.

- (n2) A 5% dividend on the Series A Preferred Stock, payable in cash or shares of common stock at the election of the Company, had been accrued for the period from September 30, 1999 (date of issuance) to June 30, 2003, and was paid in cash during the fiscal year end June 30, 2004, with \$72,513 paid to William S. Robinson and \$32,268 paid to William A. Ince. For the year ended June 30, 2004, \$13,536 was accrued to Mr. Robinson and \$5,491 was accrued to Mr. Ince, all of which was paid in cash during the fiscal year end June 30, 2005. For the year ended June 30, 2005, \$2,640 was paid in cash to Mr. Robinson during the fiscal year and an additional \$7,765 was accrued to Mr. Robinson at year end, and \$1,373 was paid in cash to Mr. Ince during the fiscal year and an additional \$3,961 was accrued to Mr. Ince at year end. For the year ended June 30, 2006, \$12,890 (includes the \$7,765 accrued from the prior year) was paid in cash to Mr. Robinson during the fiscal year and an additional \$5,125 was accrued to Mr. Robinson at year end, and \$6,550 (includes the \$3,961 accrued from the prior year) was paid in cash to Mr. Ince during the fiscal year and an additional \$2,588 was accrued to Mr. Ince at year end. For purposes of the chart, only amounts actually paid are included and are shown in the year in which payments were made.
- (n3) In January 2005, the Board of Directors authorized the redemption of an aggregate of 12,500 shares of Series A Preferred Stock (6,250 shares from William S. Robinson and 6,250 shares from William A. Ince) at a redemption price of \$4.00 per share. The stated value of the Series A Preferred Stock is \$1.00 per share, which resulted in a redemption premium of \$3.00 per share over the stated value.
- (n4) During the fiscal year ended June 30, 2004, the Board of Directors authorized the payment of accrued interest on amounts since July 1, 2001 for loans made to the Company by officers and directors, at an average annual interest rate of 8%. A total of \$15,000 was accrued to William S. Robinson and a total of

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\$22,000 was accrued to William A. Ince at June 30, 2004, all of which was paid during the fiscal year end June 30, 2005. For purposes of the chart, the amounts are shown in the year in which payments were made.

- (n5) As permitted by the instruction to Item 402(b)(2)(iii)(C) of Regulation S-B, omitted from column (e) are perquisites and other personal benefits, securities or property, that in the aggregate do not exceed 10% of the total of annual salary and bonus reported in columns (c) and (d).
- (n6) On June 17, 2005, the Company provided a Grant of Option to Thomas Aisenbrey, the Company's General Manager, Vice President of Product Development and Chief Technology Officer. Pursuant to the Grant of Option, which was not under either of the Company's formal Employee Benefit and Consulting Services Compensation Plans, Mr. Aisenbrey was granted an option to acquire 1,000,000 share of common stock of the Company at an exercise price of \$.50 per share, exercisable in whole or in part at any time until June 30, 2010. The exercise price per share shall automatically be adjusted down to \$.001 per share in the event of a "triggering event," which is defined as the termination of employment of Mr. Aisenbrey or a change in control of the Company. A change in control of the Company shall be deemed to have occurred if there is any sale, exchange or transfer of all or substantially all of the assets of the Company, or if there is any merger or share exchange involving the Company, which has the result of effecting a change in control of the business through a change in management and/or officers and directors of the Company.

OPTION/SAR GRANTS IN LAST FISCAL YEAR

The information provided in the table below provides information with respect to individual grants of stock options for the year ended June 30, 2006 to each of the persons named in the Summary Compensation Table above. Integral did not grant any stock appreciation rights for the year ended June 30, 2006.

<TABLE>
<CAPTION>

Individual Grants

(a) Name	(b) Number of Securities Underlying Options/SARs Granted (#)	(c) % of Total Options/SARs Granted to Employees in Fiscal Year (n1)	(d) Exercise or Base Price (\$/Sh)	(e) Expiration Date
<S> William S. Robinson, Chairman, CEO, Treasurer	<C> -0-	<C> -0-	<C> N/A	<C> N/A
William A. Ince, Director, President, Secretary, CFO	-0-	-0-	N/A	N/A
Thomas Aisenbrey, Chief Technology Officer (non-executive officer)	-0-	-0-	N/A	N/A

</TABLE>

(n1) The percentage of total options granted in the fiscal year is based upon all options granted to eligible participants, which includes officers, directors, employees, consultants and advisors, under the Integral Technologies, Inc. 2001 Stock Plan and the Integral Technologies, Inc. 2003 Stock Plan during the year ended June 30, 2006.

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AGGREGATED OPTION/SAR EXERCISES IN LAST FISCAL YEAR AND FISCAL YEAR-END OPTION/SAR VALUES

The information provided in the table below provides information with respect to each exercise of stock options during most recent fiscal year ended June 30, 2006 by the persons named in the Summary Compensation Table and the fiscal year end value of unexercised options.

<TABLE>

<CAPTION>

(a)	(b)	(c)	(d)	(e)
Name	Shares Acquired on Exercise (#)	Value Realized (\$)(n1)	Number of Securities Underlying Unexercised Options/SARs at FY-End (#) Exercisable/Unexercisable	Value of Unexercised In-the-Money Options/SARs at FY-End (\$) Exercisable/Unexercisable (n1)
<S>	<C>	<C>	<C>	<C>
William S. Robinson Director, Chairman, CEO, Treasurer	-0-	N/A	-0-/-0-	-0-/-0-
William A. Ince Director, President, Secretary, CFO	-0-	N/A	415,000 (n2)/-0-	\$ 576,850/-0-
Thomas Aisenbrey, Chief Technology Officer (non executive officer)	-0-	N/A	1,445,000 (n3)/-0-	\$ 2,578,550/-0-

</TABLE>

(n1) The aggregate dollar values in columns (c) and (e) are calculated by determining the difference between the fair market value of the common stock underlying the options and the exercise price of the options at exercise or fiscal year end, respectively. The fair market value of the common stock on June 30, 2006 was \$2.39 per share (based on the closing bid price).

(n2) Mr. Ince holds 415,000 options with an exercise price of \$1.00 per share. In December 2005, the expiration date of these options was extended until December 31, 2007.

(n3) Mr. Aisenbrey holds 1,000,000 options with an exercise price of \$.50 per share, 200,000 options with an exercise price of \$.65 per share, and 245,000 options with an exercise price of \$1.00 per share. The expiration date of the \$.50 options is June 30, 2010. In August 2006, the expiration dates of the \$.65 options and the \$1.00 options were extended until August 31, 2007.

LONG-TERM INCENTIVE PLANS ("LTIP") - AWARDS IN LAST FISCAL YEAR

This table has been omitted, as no executive officers named in the Summary Compensation Table above received any awards pursuant to any LTIP during the fiscal year ended June 30, 2006.

COMPENSATION OF DIRECTORS

No compensation was paid by Integral to its Directors for any service provided as a Director during the fiscal year ended June 30, 2006. There are no other formal or informal understandings or arrangements relating to compensation; however, Directors may be reimbursed for all reasonable expenses incurred by them in conducting Integral's business. These expenses would include out-of-pocket expenses for such items as travel, telephone, and postage.

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EMPLOYMENT CONTRACTS AND TERMINATION OF EMPLOYMENT AND CHANGE-IN-CONTROL ARRANGEMENTS

As of the date of filing of this report, the current executive officers do not have written employment contracts.

Integral's Board of Directors has complete discretion as to the appropriateness of (a) key-man life insurance, (b) obtaining officer and director liability insurance, (c) employment contracts with and compensation of executive officers and directors, (d) indemnification contracts, and (e) incentive plan to award executive officers and key employees.

Integral's Board of Directors is responsible for reviewing and determining the annual salary and other compensation of the executive officers and key employees of Integral. The goals of Integral are to align compensation with business objectives and performance and to enable Integral to attract, retain and reward executive officers and other key employees who contribute to the long-term

success of Integral. Integral intends to provide base salaries to its executive officers and key employees sufficient to provide motivation to achieve certain operating goals. Although salaries are not specifically tied into performance, incentive bonuses may be available to certain executive officers and key employees. In the future, executive compensation may include without limitation cash bonuses, stock option grants and stock reward grants.

EMPLOYEE BENEFIT AND CONSULTING SERVICES COMPENSATION PLANS

As of June 30, 2006, Integral had two Employee Benefit and Consulting Services Compensation Plans in effect.

On January 2, 2001, Integral adopted an employee benefit and consulting services compensation plan entitled the Integral Technologies, Inc. 2001 Stock Plan (the "2001 Plan"), which was amended on December 17, 2001. As amended, the 2001 Plan covers up to 3,500,000 shares of common stock. The 2001 Plan has not previously been approved by security holders.

On April 4, 2003, Integral adopted an employee benefit and consulting services compensation plan entitled the Integral Technologies, Inc. 2003 Stock Plan (the "2003 Plan"). The 2003 Plan covers up to 1,500,000 shares of common stock. The 2003 Plan has not previously been approved by security holders.

Under both Plans, Integral may issue common stock and/or options to purchase common stock to certain officers, directors and employees and consultants of Integral and its subsidiaries. The purpose of the Plans is to promote the best interests of Integral and its shareholders by providing a means of non-cash remuneration to eligible participants who contribute to operating progress and earning power of Integral. The Plans are administered by Integral's Board of Directors or a committee thereof which has the discretion to determine from time to time the eligible participants to receive an award; the number of shares of stock issuable directly or to be granted pursuant to option; the price at which the option may be exercised or the price per share in cash or cancellation of fees or other payment which Integral or its subsidiaries is liable if a direct issue of stock and all other terms on which each option shall be granted.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

COMMON STOCK

The following table sets forth, as of September 15, 2006 the stock ownership of each person known by Integral to be the beneficial owner of five percent or more of Integral's common stock, each director and executive officer individually and all directors and executive officers of Integral as a group. Each person is believed to have sole voting and investment power over the shares except as noted.

<TABLE>
<CAPTION>

Name and Address of Beneficial Owner (n1)	Amount and Nature of Beneficial Ownership (n1) (n2)	Percent of Class (n3)
Executive Officers and Directors:		
<S>	<C>	<C>
William S. Robinson (n4) #3 1070 West Pender St. Vancouver, B.C. V6E 2N7	2,323,533	5.1%
William A. Ince (n5) 805 W. Orchard Dr., Suite #7 Bellingham, WA 98225	2,128,833	4.7%
All executive officers and directors as a group (2 persons)	4,452,366	9.7%
5% Beneficial Owners:		
Wellington Management Company, LLP (n6) 75 State Street, Boston, MA 02109	4,334,100	9.5%

</TABLE>

(n1) Unless otherwise indicated, all shares are directly beneficially owned and investing power is held by the persons named.

(n2) Includes vested options beneficially owned but not yet exercised and outstanding, if any. The table does not include the effects of conversion by Mr. Robinson and Mr. Ince of their shares of Series A Convertible Preferred Stock ("Series A"), which are convertible into shares of common stock at a conversion rate that varies with the market price of the common stock at the time of conversion. The conversion rate is determined by dividing the number of shares of Series A being converted by the average of the high and low bid prices of Integral's common stock reported by the OTC Bulletin Board over the ten trading days preceding the date of conversion. Mr. Robinson owns 204,975 shares of Series A and Mr. Ince owns 103,563 shares of Series A. As of September 15, 2006, the conversion rate was \$3.79 per share, so Mr. Robinson's 204,975 shares of Series A were convertible

into 54,083 shares of common stock, and Mr. Ince's 103,563 shares of Series A were convertible into 27,325 shares of common stock. The actual number of shares of common stock receivable by Messrs. Robinson and Ince upon conversion of the Series A would depend on the actual conversion rate in effect at the time of conversion.

(n3) Based upon 45,439,969 shares issued and outstanding, plus the amount of shares each person or group has the right to acquire within 60 days pursuant to options, warrants, conversion privileges or other rights.

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(n4) Mr. Robinson is an executive officer and director of Integral and each of its subsidiaries. Beneficial ownership figure includes an aggregate of 150,000 shares held in the names of his spouse and his two minor children.

(n5) Mr. Ince is an executive officer and director of Integral and each of its subsidiaries. Beneficial ownership figure includes 415,000 shares underlying options.

(n6) Wellington Management Company, LLP, has included the following information in its Schedule 13G filing with the Securities and Exchange Commission: (a) Wellington, in its capacity as investment adviser, may be deemed to beneficially own 4,334,100 shares of the Company which are held of record by clients of Wellington; (b) those clients have the right to receive, or the power to direct the receipt of, dividends from, or the proceeds from the sale of, such securities; and (c) no such client is known to have such right or power with respect to more than five percent of this class of securities.

SERIES A CONVERTIBLE PREFERRED STOCK

The following table sets forth, as of September 15, 2006, the stock ownership of each person known by Integral to be the beneficial owner of five percent or more of Integral's Series A Convertible Preferred Stock, each Officer and Director individually and all Directors and Officers of Integral as a group. Each person is believed to have sole voting and investment power over the shares except as noted.

<TABLE>
<CAPTION>

Name and Address of Beneficial Owner (n1)	Amount and Nature of Beneficial Ownership(n1)	Percent of Class (n2)
<S>	<C>	<C>
William S. Robinson (n3) #3 1070 West Pender St Vancouver, B.C. V6E 2N7	204,975	66.4%
William A. Ince (n4) 805 W. Orchard Dr., Suite #3 Bellingham, WA 98225	103,563	33.6%
All officers and directors of Integral as a group (2 persons)	308,538	100%

</TABLE>

(n1) Unless otherwise indicated, all shares are directly beneficially owned and investing power is held by the persons named.

(n2) Based upon 308,538 Series A Convertible Preferred shares issued and outstanding.

(n3) Mr. Robinson is an executive officer and director of Integral and each of its subsidiaries.

(n4) Mr. Ince is an executive officer and director of Integral and each of its subsidiaries.

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EQUITY COMPENSATION PLAN INFORMATION

The following information concerning the Company's equity compensation plans is

<TABLE>
<CAPTION>

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of options, warrants and rights (b)	Number of securities available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
<S>	<C>	<C>	<C>
Equity compensation plans approved by security holders	N/A	N/A	N/A
Equity compensation plans not approved by security holders	2,295,000	\$0.75	1,519,500

Total	2,295,000	\$0.75	1,519,500
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</TABLE>

As of June 30, 2006, Integral had two Employee Benefit and Consulting Services Compensation Plans in effect.

On January 2, 2001, Integral adopted an employee benefit and consulting services compensation plan entitled the Integral Technologies, Inc. 2001 Stock Plan (the "2001 Plan"), which was amended on December 17, 2001. As amended, the 2001 Plan covers up to 3,500,000 shares of common stock. The 2001 Plan has not previously been approved by security holders.

On April 4, 2003, Integral adopted an employee benefit and consulting services compensation plan entitled the Integral Technologies, Inc. 2003 Stock Plan (the "2003 Plan"). The 2003 Plan covers up to 1,500,000 shares of common stock. The 2003 Plan has not previously been approved by security holders.

Under both Plans, Integral may issue common stock and/or options to purchase common stock to certain officers, directors and employees and consultants of Integral and its subsidiaries. The purpose of the Plans is to promote the best interests of Integral and its shareholders by providing a means of non-cash remuneration to eligible participants who contribute to operating progress and earning power of Integral. The Plans are administered by Integral's Board of Directors or a committee thereof which has the discretion to determine from time to time the eligible participants to receive an award; the number of shares of stock issuable directly or to be granted pursuant to option; the price at which the option may be exercised or the price per share in cash or cancellation of fees or other payment which Integral or its subsidiaries is liable if a direct issue of stock and all other terms on which each option shall be granted.

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

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CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

During the last two fiscal years, our Company entered into the following transactions in which our officers and directors have a material interest:

(a) A 5% dividend on the Series A Preferred Stock is payable in cash or shares of common stock at the election of the Company. William S. Robinson and William A. Ince each own shares of Series A Preferred Stock. For the year ended June 30, 2005, \$2,640 was paid in cash to Mr. Robinson during the fiscal year and an additional \$7,765 was accrued to Mr. Robinson at year end, and \$1,373 was paid in cash to Mr. Ince during the fiscal year and an additional \$3,961 was accrued to Mr. Ince at year end. For the year ended June 30, 2006, \$12,890 (includes the \$7,765 accrued from the prior year) was paid in cash to Mr. Robinson during the fiscal year and an additional \$5,125 was accrued to Mr. Robinson at year end, and \$6,550 (includes the \$3,961 accrued from the prior year) was paid in cash to Mr. Ince during the fiscal year and an additional \$2,588 was accrued to Mr. Ince at year end.

(b) During the fiscal year ended June 30, 2004, the Board of Directors authorized the payment of accrued interest on amounts since July 1, 2001 for loans made to the Company by officers and directors, at an average annual interest rate of 8%. A total of \$15,000 was accrued to William S. Robinson and a total of \$22,000 was accrued to William A. Ince at June 30, 2004, all of which was paid during the fiscal year end June 30, 2005.

(c) In January 2005, the Board of Directors authorized the redemption of an aggregate of 12,500 shares of Series A Preferred Stock (6,250 shares from William S. Robinson and 6,250 shares from William A. Ince) at a redemption price of \$4.00 per share. The stated value of the Series A Preferred Stock is \$1.00 per share, which resulted in a redemption premium of \$3.00 per share over the stated value.

(d) On June 17, 2005, the Company provided a Grant of Option to Thomas Aisenbrey, the Company's General Manager, Vice President of Product Development and Chief Technology Officer. Pursuant to the Grant of Option, which was not under either of the Company's formal Employee Benefit and Consulting Services Compensation Plans, Mr. Aisenbrey was granted an option to acquire 1,000,000 share of common stock of the Company at an exercise price of \$.50 per share, exercisable in whole or in part at any time until June 30, 2010. The exercise price per share shall automatically be adjusted down to \$.001 per share in the event of a "triggering event," which is defined as the termination of employment of Mr. Aisenbrey or a change in control of the Company. A change in control of the Company shall be deemed to have occurred if there is any sale, exchange or transfer of all or substantially all of the assets of the Company, or if there is any merger or share exchange involving the Company, which has the result of

effecting a change in control of the business through a change in management and/or officers and directors of the Company.

The options and the underlying shares of common stock are subject to restrictions on transfer, as required by applicable federal and state securities laws. The option was not made under either of the Company's two existing equity compensation plans described under the heading "Equity Compensation Plan Information."

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<TABLE>
<CAPTION>

EXHIBITS

<S> Exhibit No.	<C> Description
3.03	Articles of Incorporation, as amended and currently in effect. (Incorporated by reference to Exhibit 3.03 of Integral's quarterly report on Form 10-QSB for the period ended March 31, 2006.)
3.04	Bylaws, as amended and restated on December 31, 1997. (Incorporated by reference to Exhibit 3.04 of Integral's quarterly report on Form 10-QSB for the period ended March 31, 2006.)
10.12	Integral Technologies, Inc. 2001 Stock Plan dated January 2, 2001, as amended December 17, 2001. (Incorporated by reference to Exhibit 10.12 of Integral's registration statement on Form S-8 (file no. 333-76058).)
10.15	Integral Technologies, Inc. 2003 Stock Plan dated April 4, 2003 (Incorporated by reference to Exhibit 10.15 of Integral's registration statement on Form S-8 (file no. 333-104522).)
10.18	Grant of Option dated June 17, 2005 between Integral and Thomas Aisenbrey. (Incorporated by reference to Exhibit 10.18 of Integral's Current Report Form 8-K dated June 17, 2005 (filed June 23, 2005).)
10.19	Agreement between the Company and The QuanStar Group, LLC dated June 20, 2005. (Incorporated by reference to Exhibit 10.18 of Integral's Current Report Form 8-K dated June 17, 2005 (filed June 23, 2005).)
10.20	Patent License Agreement between the Company and Heatron, Inc. dated March 17, 2006. (Incorporated by reference to Exhibit 10.20 of Integral's Current Report Form 8-K dated March 17, 2006 (filed April 11, 2006).)
10.21	Patent License Agreement between the Company and Jasper Rubber Products, Inc. dated August 25, 2006. (Incorporated by reference to Exhibit 10.21 of Integral's Current Report Form 8-K dated August 25, 2006 (filed September 19, 2006).)
14.1	Code of Ethics adopted September 20, 2004. (Incorporated by reference to Exhibit 14.1 of Integral's annual report on Form 10-KSB for the period ended June 30, 2004.)
21.4	List of Subsidiaries. (Incorporated by reference to Exhibit 21.4 of Integral's annual report on Form 10-KSB for the period ended June 30, 2004.)
31.1	Section 302 Certification by the Corporation's Chief Executive Officer. (Filed herewith).
31.2	Section 302 Certification by the Corporation's Chief Financial Officer. (Filed herewith).
32.1	Section 906 Certification by the Corporation's Chief Executive Officer. (Filed herewith).
32.2	Section 906 Certification by the Corporation's Chief Financial Officer. (Filed herewith).

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PRINCIPAL ACCOUNTANT FEES AND SERVICES

Our Company's board of directors reviews and approves audit and permissible non-audit services performed by Pannell Kerr Forster, Vancouver, Canada ("PKF"), as well as the fees charged by PKF for such services. In its review of non-audit service fees and its appointment of PKF as our Company's independent accountants, the board of directors considered whether the provision of such services is compatible with maintaining PKF's independence. All of the services provided and fees charged by PKF in the fiscal year ended June 30, 2006 were pre-approved by the board of directors.

AUDIT FEES

The aggregate fees billed for professional services rendered by PKF for the audit of our annual financial statements and the reviews of the financial statements included in our quarterly reports on Form 10-QSB for fiscal years ended June 30, 2006 and 2005 were \$37,500 and \$35,000, respectively.

AUDIT-RELATED FEES

There were no other fees billed by PKF during the last two fiscal years for assurance and related services that were reasonably related to the performance of the audit or review of our Company's financial statements and not reported under "Audit Fees" above.

TAX FEES

The were no fees billed for professional services rendered by PKF for tax compliance services in fiscal years ended June 30, 2006 and 2005.

ALL OTHER FEES

There were no other fees billed by PKF during the last two fiscal years for products and services provided by PKF.

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SIGNATURES

In accordance with Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the Registrant caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

INTEGRAL TECHNOLOGIES, INC

Dated: September 29, 2006 /s/ William S. Robinson

William S. Robinson, Chief Executive Officer

/s/ William A. Ince

William A. Ince, Chief Financial Officer and
Principal Accounting Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this Report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Name	Title	Date
----	-----	-----
/s/ William S. Robinson ----- William S. Robinson	Director	September 29, 2006
/s/ William A. Ince ----- William A. Ince	Director	September 29, 2006

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</TABLE>

CERTIFICATION PURSUANT TO
18 U.S.C. ss.1350, AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, William S. Robinson, Chief Executive Officer of Integral Technologies, Inc., certify that:

1. I have reviewed this annual report on Form 10-KSB for the period ended June 30, 2006 of Integral Technologies, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (c) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

September 29, 2006

/s/ William S. Robinson

William S. Robinson, Chief Executive Officer

CERTIFICATION PURSUANT TO
18 U.S.C. ss.1350, AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, William A. Ince, Chief Financial Officer of Integral Technologies, Inc.,
certify that:

1. I have reviewed this annual report on Form 10-KSB for the period ended June 30, 2006 of Integral Technologies, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (c) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

September 29, 2006

/s/ William A. Ince

William A. Ince, Chief Financial Officer

CERTIFICATION PURSUANT TO
18 U.S.C. ss.1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Solely for the purposes of complying with, and the extent required by 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned certifies, in his capacity as the Chief Executive Officer of Integral Technologies, Inc., that, to his knowledge, the annual report of the company on Form 10-KSB for the period ended June 30, 2006, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in the report fairly presents, in all material respects, the company's financial condition and results of operations.

September 29, 2006

/s/ William S. Robinson

William S. Robinson, Chief Executive Officer

CERTIFICATION PURSUANT TO
18 U.S.C. ss.1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Solely for the purposes of complying with, and the extent required by 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned certifies, in his capacity as the Chief Financial Officer of Integral Technologies, Inc., that, to his knowledge, the annual report of the company on Form 10-KSB for the period ended June 30, 2006, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in the report fairly presents, in all material respects, the company's financial condition and results of operations.

September 29, 2006

/s/ William A. Ince

William A. Ince, Chief Financial Officer