

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

FORM 10-K

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

For the fiscal year ended June 30, 2014

☐ 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, \$.001 par value

Indicate by check mark if the issuer is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the issuer is not required to file reports pursuant to Section 13 or 15(d) of the Exchange Act. Yes ☐ No ☒

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

Indicate by check mark whether the issuer has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers in response to Item 405 of Regulation S-K 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-K or any amendment to this Form 10-K. ☐

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

Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☒

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

The aggregate market value of the voting stock held by non-affiliates of the registrant as of December 31, 2013 (based on an average of the bid and ask prices of approximately \$0.29) was approximately \$22,474,730.

The number of shares of the issuer's common stock, \$.001 par value, outstanding as of September 2, 2014, was 100,443,529 shares.

TABLE OF CONTENTS

	Page
PART I	
Item 1. <u>Business</u>	2
Item 1A. <u>Risk Factors</u>	8
Item 1B. <u>Unresolved Staff Comments</u>	14
Item 2. <u>Properties</u>	14
Item 3. <u>Legal Proceedings</u>	14
Item 4. <u>Mine Safety Disclosure</u>	14
PART II	
Item 5. <u>Market for Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities</u>	14
Item 6. <u>Selected Financial Data</u>	15
Item 7. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations.</u>	15
Item 7A. <u>Quantitative and Qualitative Disclosures About Market Risk</u>	18
Item 8. <u>Financial Statements and Supplementary Data</u>	19
Item 9. <u>Changes In and Disagreements with Accountants on Accounting and Financial Disclosure</u>	19
Item 9A. <u>Controls and Procedures</u>	19
Item 9B. <u>Other Information</u>	20
PART III	
Item 10. <u>Directors, Executive Officers, and Corporate Governance</u>	21
Item 11. <u>Executive Compensation</u>	25
Item 12. <u>Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters</u>	28
Item 13. <u>Certain Relationship and Related Transactions, and Director Independence</u>	30
Item 14. <u>Principal Accountant Fees and Services</u>	31
Item 15. <u>Exhibits</u>	32
<u>SIGNATURES</u>	34

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. Such forward-looking statements are characterized by future or conditional verbs such as "may," "will," "expect," "intend," "anticipate," "believe," "estimate" and "continue" or similar words. You should read statements that contain these words carefully because they discuss future expectations and plans, which contain projections of future results of operations or financial condition or state other forward-looking information. Such statements are only predictions and our actual results may differ materially from those anticipated in these forward-looking statements. We believe that it is important to communicate future expectations to investors. Forward looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those indicated by the forward looking statements since there may be events in the future that we are not able to accurately predict or control. Factors that may cause such differences include, but are not limited to, those discussed under Item 1A. Risk Factors and elsewhere in this Form 10-K for the year ended June 30, 2014, as filed with the Securities and Exchange Commission include, but are not limited to, (i) projections of revenues, income or loss, earnings 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 identifies important factors that 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 that 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 Integral Technologies, Inc. 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. We do not undertake any duty to update forward looking statements and the estimates and assumptions associated with them as circumstances change, except to the extent required by applicable federal securities laws.

ITEM 1. BUSINESS.

BUSINESS DEVELOPMENT

Integral Technologies, Inc. ("Integral," the "Company" or "we") is, 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 researching, developing, engineering and commercializing our ElectriPlast® technology. The technology possesses a multitude of applications in a myriad of industries. These include the auto industry, the aerospace, consumer electronics, and commercial aviation industries, among others. One key factor that could drive demand for ElectriPlast® is the need for light-weighting. Automotive and aerospace are leading the way to achieve reduced emissions and increased fuel economy. Light-weighting involves the substitution of lighter materials, often times carbon-fiber based, for heavier (aluminum and other metals) materials.

On May 21, 2010, President Obama asked the EPA and NHTSA to jointly develop a national program that would “produce a new generation of clean vehicles,” to lower oil usage. The government has mandated that auto manufacturers comply with CAFE (Corporate Average Fuel Economy) standards by the year 2025. To become more energy efficient, auto manufacturers are required to have their fleets achieving 54.5 MPG (miles per gallon) by then. According to a 2009 issue of *Car and Driver Magazine*, in 2009, car fleets averaged 32.5 CAFE MPG and trucks averaged 24.5 MPG. The Obama administration’s mandate is expected to nearly double fuel efficiency by 2025.

We apply a significant portion of our resources to the protection of our intellectual property through patent filings. One source of income will be from up-front licensing fees as is the case with our manufacturing license agreement for the use of our patents and proprietary “know-how” for the manufacture of the ElectriPlast® pellets by Hanwha L&C of Korea. We expect to derive future income from additional manufacturing license fees, and other license fees related to the use of our patents and proprietary “know how” by third-parties for the development and manufacture of a variety of ElectriPlast® applications. We also expect to generate income from royalties from the sale of ElectriPlast® materials by our licensees as well as from our direct sales efforts.

Our business model calls for the Company to generate revenue from license fees from the use of our patent portfolio and proprietary “know-how”, to generate revenue through the sale of ElectriPlast® material either through a royalty revenue stream or from direct sales of ElectriPlast®, and by providing technical services through our Detroit Tech Center to companies needing our expertise in applying ElectriPlast® in their applications. The Company’s management and engineering team has expertise and know-how in the ideas related to the use of the product.

In particular, our business model calls for collaborating with leading resin and fiber suppliers, manufacturers, and technology innovators to manufacture ElectriPlast®, and develop new product applications for ElectriPlast®. We anticipate that these relationships will lead to greater market penetration and adoption for our products. In view of these goals, we have recently formed relationships with BASF, Delphi Automotive PLC and Hanwha L&C, and believe that we now have several key global relationships to help us expand our operations both domestically and internationally.

During the fiscal year, several actions were taken by the Company to better position the commercialization of ElectriPlast. The Company continued to emphasize the expansion of ElectriPlast’s technical and engineering capabilities. On January 24, 2014, Integral announced the opening of its ElectriPlast Tech Center in Detroit, which provides facility upgrades for staff expansion, while adding resources for greater internal testing, engineering and product development. The Detroit Tech Center’s engineering staff has over 50 years of expertise and Integral plans to add to this team in the near future. With the opening of the Detroit facility, Integral subsequently announced that it closed its Fort Washington, Pennsylvania office at the end of January. The Company also announced the appointment of Integral’s Chairman of the Board, James Eagan, to the position of CEO of ElectriPlast. Mr. Eagan replaced Herbert Reedman Jr., who led the commercialization efforts for ElectriPlast over the past three years. Mr. Reedman resigned his position as an Integral Board member and as President, and remained an adviser to Integral’s Board of Directors. Integral’s CEO, Doug Bathauer was appointed President of the Company. The Company also announced the hiring of Slobodan (“Bob”) Pavlovic to its Detroit Tech Center engineering team. Pavlovic, an innovator in conductive plastic applications and a veteran of the auto and aircraft industry, adds more than 34 years of experience in advanced engineering to the company. On February 20, 2014, William Ince resigned as chief financial officer of the Company, effective immediately. There was no disagreement or dispute between Mr. Ince and the Company which led to his resignation.

The Company has continuing needs for funding to address operating requirements as well as to realize growth opportunities. Integral announced on February 20, 2014 that Bart Snell was named the Company’s Chief Financial Officer. Snell brought extensive financial and accounting experience to Integral, including roles with various emerging growth and public companies in the technology, telecommunication and manufacturing industries. Snell will assist the CEO and Board in overseeing the company’s development and financial growth.

TECHNOLOGIES

ElectriPlast®

We have researched and developed an innovative, electrically and thermally conductive resin-based material called “ElectriPlast®.” The ElectriPlast® polymer is a compounded formulation of resin-based materials that are conductively loaded, or doped, with a proprietary-controlled, balanced concentration of micron conductive materials, and then pelletized using our patented manufacturing process. The conductive loading or doping within this pellet is then homogenized using conventional molding techniques and conventional molding equipment. The end result is a product that can be molded into any of the infinite shapes and sizes associated with plastics and rubbers, is non-corrosive, and can serve as an electrically conductive alternative material to metal.

ElectriPlast® is a patented non-corrosive, durable, conductive plastic pellet that replaces the metallic component currently used for shielding and conductive devices, thus creating applications never before possible and with a 40-60% weight reduction. ElectriPlast's® intellectual property rights and 55 issued patents and 10 pending applications cover both the material and its applications.

Various examples of applications for ElectriPlast® include antennas, shielding, lighting circuitry, switch actuators, resistors, batteries, medical devices, thermal management and cable connector bodies, among many others. We have been working to introduce these new applications and the ElectriPlast® technology on a global scale.

The ElectriPlast® intellectual property (IP) portfolio is the centerpiece of Integral’s strategy to aggressively develop, protect, and market its innovations. Integral’s patent holdings encompass a broad range of ElectriPlast® developments which extend beyond the core technology to include key applications, and manufacturing processes

ElectriPlast® can be fabricated into virtually any shape or dimension using low-cost capital investment equipment, such as injection molding and extrusion versus stamping. Its design flexibility, shorter development cycle and speed of manufacturing create a valuable market edge for customers.

Jasper Rubber Products, Inc., is Integral’s US manufacturer of its proprietary ElectriPlast® product line (“Jasper”) (www.jasperrubber.com), and Hanwha L&C is the Korean manufacturer.

Jasper, founded in 1949, is a leader in innovative rubber and plastics development. It manufactures a full range of products for customers in the major appliance, oil filter, and automotive industries, a number of which are Fortune 500 companies.

Hanwha L&C is part of the Hanwha Group (“Hanwha”) of companies that collectively form one of the largest conglomerates in South Korea. Headquartered in Seoul, Hanwha’s businesses include chemicals, munitions, plastics and similar materials for aerospace, automotive and consumer goods industries, as well as solar, pharmaceuticals, financial services, renewable energy, manufacturing and construction. Hanwha Group is on Forbes’ list of Top Global Companies.

Patents/Trademarks on Technologies

Our intellectual property portfolio consists of over fourteen years of accumulated research and design knowledge and trade secrets. We have sought United States (“US”) patent protection for many of our ideas related to our ElectriPlast® technologies. Currently, we have filed 116 non-provisional US patent applications, 55 of which have been issued as patents, with 51 of those issued patents not yet expired. 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 and license the design(s) described in each issued patent for the life of the patent in the US.

Of the 116 non-provisional applications filed that have not issued as patents, 9 are currently pending, and 52 are no longer pending. Integral continues to pursue intellectual property protection through its patent and trademark portfolio while constantly evaluating its filings to judiciously apply resources to our most critical technologies. Integral has filed 12 Canadian patent applications, 2 of which have issued, with 10 no longer being active. Integral has filed an International patent application, which has not yet published.

Table of Contents

Integral has a registered US trademark for ELECTRIPLAST[®], a registered US trademark for INTEGRAL (with design)[®], and a pending US trademark application for WHERE LIGHTWEIGHTING STARTS[™]. In addition, Integral has a registered mark for ELECTRIPLAST[®] in China, Japan, Korea, Europe and Taiwan. In addition, Integral has a registered mark for WHERE LIGHTWEIGHTING STARTS[®] in Europe, Japan and Korea. These applications and registrations establish rights for the use of these marks in commerce.

Product Manufacturing and Distribution

We are not currently in the manufacturing business. As demand continues to grow and our need to increase capacity, reduce manufacturing costs and to improve margins, we would consider directly entering into the manufacturing business, including the possibility of acquiring existing assets or an operating company to help us accelerate this process. We have entered into a non-exclusive manufacturing agreement with Jasper Rubber, discussed herein, which provides for Jasper to manufacture ElectriPlast[®] for us.

Working with Jasper, we have refined the manufacturing and molding process of ElectriPlast[®]. The Jasper facility has production capacity able to meet our current and near term projected needs as well as the ability to rapidly increase capacity.

In June 2013, we signed a 10-year agreement with Hanwha L&C that grants Hanwha L&C an exclusive right to sell, distribute and manufacture ElectriPlast[®] in South Korea. Additionally, Hanwha has acquired non-exclusive sales and distribution rights to ElectriPlast[®] in Japan, Taiwan and China. Hanwha L&C is part of the Hanwha Group of companies that collectively form one of the largest conglomerates in South Korea, and is a global supplier in both automotive and consumer goods materials.

We also signed a Letter of Intent ("LOI") with chemical leader BASF Corporation to jointly explore the North American market for ElectriPlast's patented line of conductive thermoplastics. Together with BASF, we will approach key OEMs and Tier 1 manufacturers with opportunities for conductive thermoplastics as a lightweight material alternative to metals. As the world's leading chemical company, BASF's portfolio ranges from chemicals, plastics, performance products and crop protection products to oil and gas.

As an engineered raw material, our technologies will not be sold directly to the general public, but rather to businesses and manufacturers of certain products who will incorporate our technologies as components in the design of their end-products. In addition to our current relationships, we are also exploring other opportunities for potential global partnerships in the automotive industry, as well as other industries, including consumer electronics, cable and wire, and telecommunications.

Barriers to Entry into Market Segment

We have been working to introduce the ElectriPlast[®] technology as an alternative to metal for use as an electrically conductive material. Although gaining rapidly, little industry knowledge exists today regarding the science and use of conductive resins as an alternative material or how to apply the material to specific applications. As with any new technology, a prospective client must first become educated on the uses of the material, then investigate, test, trial and accept that the alternative material is an adequate, to superior cost effective replacement option. Until there is greater knowledge and broader acceptance of ElectriPlast as a viable metal replacement technology, we will continue to experience prolonged selling cycles.

SUMMARY OF AGREEMENTS

Our business model calls for collaborating with leading technology innovators to develop new product applications for ElectriPlast[®] and to license our intellectual property for its manufacture and commercialization across many industries. Below is a summary of each of our commercial agreements concerning our ElectriPlast[®] technology:

(note: we have not received any significant revenue from these agreements unless noted)

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® 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 were 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 other circumstances.

Any revenue to be generated by us under the agreement will be from future sales of products manufactured by Heatron containing the ElectriPlast® technology.

Patent License Agreement with Jasper Rubber Products, Inc.

In August 2006, we entered into a Patent License Agreement with Jasper, pursuant to which we granted to Jasper the rights to use our ElectriPlast® 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 customers in the major appliance, oil filter, and automotive industries, a number of which are Fortune 500 companies.

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.

Any revenue to be generated by us under the agreement will be from future sales of products manufactured by Jasper containing the ElectriPlast® technology.

Manufacturing Agreement with Jasper Rubber Products, Inc.

In November 2006, we entered into a Manufacturing Agreement with Jasper, pursuant to which Jasper manufactures resin-based conductive, moldable capsules incorporating our ElectriPlast® technology. The primary term of the agreement is five years, subject to automatic renewal or termination under certain conditions. Jasper agreed that during the term of the agreement and for a period of 12 months after its expiration or termination for any reason, Jasper will not directly or indirectly compete with us or our ElectriPlast® technology.

In July 2007, we entered into Amendment One to the Manufacturing Agreement (“Amendment One”) with Jasper. The primary purposes of Amendment One were 1) to replace in its entirety Section 4 of the Manufacturing Agreement concerning “Pricing, Invoicing and Payment”, and 2) to authorize Jasper to sell, on our behalf, products incorporating our ElectriPlast® technology. As revised by Amendment One, Section 4 of the Manufacturing Agreement now reflects more definitive information concerning definitions and calculations of “hourly payment”, “sales royalties”, “gross margin”, “manufacturing costs” and “payment terms”. These revisions were mutually agreed upon following several months of production test-runs and cost evaluations.

Patent License Agreement with ADAC Plastics, Inc. d/b/a ADAC Automotive.

In November 2006, we entered into a Patent License Agreement with ADAC Plastics, Inc. d/b/a ADAC Automotive (“ADAC”), pursuant to which we granted to ADAC the rights to use our ElectriPlast® technology for use in car antennas, cup holder heating elements, driver’s seat heating elements and light-emitting diode (LED) packs manufactured and sold by specified customers of ADAC. ADAC is a full-service automotive supplier dedicated to the production of door handles and components, cowl vent grilles, exterior trim, and marker lighting. Founded in 1975 as ADAC Plastics, Inc., the Grand Rapids, Michigan-based company operates facilities in North America and the United Kingdom.

We granted to ADAC 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.

Table of Contents

Any revenue to be generated by us under the agreement will be from future sales of products manufactured by ADAC containing the ElectriPlast® technology. We have not yet derived revenues from this agreement.

Patent License Agreement with Esprit Solutions Limited

In December 2006, we entered into a Patent License Agreement with Esprit Solutions Limited ("Esprit"), pursuant to which we granted to Esprit the rights to use our ElectriPlast® technology for the manufacture and sale of products to Esprit's customer base in the Aerospace/Defense Interconnection and Protective Components Industry. Esprit, based in the United Kingdom, specializes in high performance protective systems within the Aerospace and Defense markets.

We granted to Esprit 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.

Any revenue to be generated by us under the agreement will be from raw materials fees.

Patent License Agreement with Knowles Electronics, LLC

In January 2007, we entered into a Patent License Agreement with Knowles Electronics, LLC ("Knowles"), pursuant to which we granted to Knowles the rights to use our proprietary ElectriPlast® technology for the manufacture and sale of electromagnetic field (EMF) protected molded components. Knowles is the world's leading provider of microphones and receivers to the hearing health industry. They are credited with the miniaturization of the acoustic transducer, which has enabled the design and manufacture of smaller hearing aids.

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

Any revenue to be generated by us under the agreement will be from raw materials fees.

Co-Development Agreement with Delphi Automotive PLC

In June of 2013, we entered into a co-development agreement with Delphi Automotive PLC to jointly develop wire and cable insulation applications using ElectriPlast® conductive resin technology. Integral and Delphi will focus their joint development efforts on replacing the copper braiding in wire and cable applications with the lighter and more cost effective plastic hybrid material ElectriPlast®. The resulting applications are expected to be lighter, less costly to manufacture and substantially easier to install. Delphi Automotive PLC is a leading global supplier of electronics and technologies for automotive, commercial vehicle and other market segments. Operating major technical centers, manufacturing sites and customer support facilities in 32 countries, Delphi delivers real-world innovations that make products smarter and safer as well as more powerful and efficient.

Letter of Intent with BASF

In June of 2013, we signed a Letter of Intent ("LOI") with chemical leader BASF Corporation to jointly explore the North American market for ElectriPlast's patented line of conductive thermoplastics. Along with BASF, we will approach key OEMs and Tier 1 manufacturers with opportunities for conductive thermoplastics as a lightweight material alternative to metals. As the world's leading chemical company, BASF's portfolio ranges from chemicals, plastics, performance products and crop protection products to oil and gas.

Patent License Agreement with Hanwha L&C Corp.

On June 21, 2013, we entered into a 10-year license agreement with Hanwha L&C Corp., a global high-tech materials maker based in South Korea. The agreement granted Hanwha L&C Corp. an exclusive, non-transferrable, non-sub licensable, license to manufacture, sell and distribute Integral's line of conductive plastics, ElectriPlast®, in South Korea, as well as a non-exclusive, non-transferable, non-sub licensable right to sell and distribute ElectriPlast® for Japan, Taiwan and China markets. The Company may terminate Hanwha's rights in Japan and Taiwan, with certain considerations provided to Hanwha, if it desires to enter into an exclusive agreement with a third party for those territories. There was a one-time license fee and it requires an ongoing royalty fee for the life of the agreement.

See item 7 for amount of revenue recognized during the year ended June 30, 2014.

EMPLOYEES/CONSULTANTS

We currently rely on both full and part-time associates, who work on our behalf either as employees or on a contractual basis.

SEC REPORTS AVAILABLE ON WEBSITE

Our website address is www.itkg.net. Information found on our website is not incorporated by reference into this report. We make available free of charge through our website our Securities and Exchange Commission, or SEC, filings furnished pursuant to Section 13(a) or 15(d) of the Exchange Act as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC.

Use of Social Media:

Investors and others should note that we currently announce material information using SEC filings, press releases, public conference calls and webcasts. In the future, we will continue to use these channels to distribute material information about the Company and may also utilize our website and/or various social media to communicate important information about the Company, key personnel, new brands and services, trends, new marketing campaigns, corporate initiatives and other matters. Information that we post on our website or on social media channels could be deemed material; therefore, we encourage investors, the media, our customers, business partners and others interested in our Company to review the information we post on our website as well as the following social media channels: Facebook, YouTube and Twitter.

Any updates to the list of social media channels we may use to communicate material information will be posted on the Investor Relations page of the Company's website at www.itkg.net

ITEM 1A. 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-K before you decide to invest in shares of our common stock.

Purchase of our stock is a highly speculative and you could lose your entire investment. We have been operating at a loss since inception, and you cannot assume that our business plans will either materialize or prove successful. In the event our plans are unsuccessful, you may lose all or substantially all 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 generated revenues; failure to achieve profitability in the future would likely 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 \$48.5 million as of June 30, 2014. We have experienced significant operating losses to date, including net losses of \$4.5 million for fiscal year 2014 and \$3.8 million in fiscal year 2013. As of June 30, 2014, we had approximately \$200,000 in cash. Our financial statements do not include any adjustments related to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that may be necessary as a result of this uncertainty. As a result of the substantial doubt about our ability to continue as a going concern, we may experience possible adverse effects from our customers, on our creditworthiness, or on investor confidence, any of which may have a material adverse effect on our business and the trading price of our common stock.

If we do not generate adequate revenues in our fiscal year ending June 30, 2015, we will be required to raise substantial capital to continue our operations. Unless we generate adequate revenues from operations (we have had no revenue to date) in the near future, we will 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 that 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 an effective or timely manner.

Additional financing is necessary for the implementation of our growth strategy. We may require additional debt and/or equity financing to pursue our growth strategy. Given our limited operating history and existing losses, there can be no assurance that we will be successful in obtaining additional financing. Lack of additional funding could force us to curtail substantially our growth plans or cease of operations. Furthermore, the issuance by us of any additional securities pursuant to any future fundraising activities undertaken by us would dilute the ownership of existing shareholders and may reduce the price of our common stock. Furthermore, debt financing, if available, will require payment of interest and may involve restrictive covenants that could impose limitations on our operating flexibility. Our failure to successfully obtain additional future funding may jeopardize our ability to continue our business and operations.

We may be unable to manage our growth or implement our expansion strategy. We may not be able to expand our product and service offerings, our client base and markets, or implement the other features of our business strategy at the rate or to the extent presently planned. Our projected growth will place a significant strain on our administrative, operational and financial resources. If we are unable to successfully manage our future growth, establish and continue to upgrade our operating and financial control systems, recruit and hire necessary personnel or effectively manage unexpected expansion difficulties, our financial condition and results of operations could be materially and adversely affected.

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 achieve 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® technology. Our beliefs are based only on our research and development testing efforts. 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 customers and third-parties with whom we do business. Our success is heavily dependent on the continued active participation of our current executive officers listed under “Management.” Loss of the services of one or more of our officers could have a material adverse effect upon our business, financial condition or results of operations. Further, our success and achievement of our growth plans depend on our ability to recruit, hire, train and retain other highly qualified technical and managerial personnel. Competition for qualified employees among companies in the technology industry is intense, and the loss of any of such persons, or an inability to attract, retain and motivate any additional highly skilled employees required for the expansion of our activities, could have a material adverse effect on us. The inability on our part to attract and retain the necessary personnel and consultants and advisors could have a material adverse effect on our business, financial condition or results of operations.

If future market acceptance of our ElectriPlast® technology is poor, we will not be able to generate adequate sales to achieve profitable operations. Our future is dependent upon the success of our current and future marketing efforts put towards our ElectriPlast® technology. Our ElectriPlast® technology will be marketed to manufacturers of products that will benefit from the incorporation of any of the ElectriPlast® applications into their products. As of June 30, 2014, we have not generated substantial revenue from our ElectriPlast® technology. If future market acceptance of our ElectriPlast® technology is poor, we will not be able to generate adequate sales to achieve profitable operations.

We rely entirely on contract manufacturers and suppliers to manufacture and distribute our products. If they experience manufacturing or distribution difficulties, or are otherwise unable to manufacture and distribute sufficient quantities to meet demand, our commercialization efforts may be materially harmed. We have no internal manufacturing or distribution capabilities. Instead, we rely on a combination of contract manufacturers and our partners to manufacture Electriplast, and to distribute that product to third party purchasers. Our manufacturers may experience problems with their respective manufacturing and distribution operations and processes, including for example, quality issues, including product specification and stability failures, quality procedural deviations, improper equipment installation or operation, utility failures, contamination and natural disasters. Any delay or disruption in the availability of our products from third parties could result in production disruptions, delays or higher costs with consequent adverse effects on us.

Dependence on outside suppliers and manufacturers could disrupt our business if they fail to meet our expectations. Currently, we rely on outside suppliers and manufacturers to produce ElectriPlast® for us. While we have entered into formal arrangements with outside suppliers and manufacturers for the production of ElectriPlast® if any of them should become too expensive or suffer from quality control problems or financial difficulties, we would have to find alternative sources. If alternative sources are not readily available, this could significantly disrupt our business.

Our patent and other intellectual property rights may be subject to uncertainty and may be challenged or circumvented by competitors. We rely on a combination of patents, patent applications, trademarks, trade secrets and confidentiality procedures to protect our intellectual property rights, which we believe will give us a competitive advantage over our competitors. We have sought US patent protection for many of our ideas related to our ElectriPlast® technologies. Our intellectual property portfolio consists of over thirteen years of accumulated research and design knowledge and trade secrets. We have sought United States (“US”) patent protection for many of our ideas related to our ElectriPlast® technologies. Currently, we have filed 116 non-provisional US patent applications, 55 of which have been issued as patents, with 51 of those issued patents not yet expired. 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 and license the design(s) described in each issued patent for the life of the patent in the US.

Of the 116 non-provisional applications filed that have not issued as patents, 9 are currently pending, and 52 are no longer pending. Integral continues to pursue intellectual property protection through its patent and trademark portfolio while constantly evaluating its filings to judiciously apply resources to our most critical technologies. Integral has filed 12 Canadian patent applications, 2 of which have issued, with 10 no longer being active.

Integral has one pending US trademark application for ELECTRIPLAST™, one registered US trademark for ELECTRIPLAST®, a registered US trademark for INTEGRAL (with design)®, and a pending US trademark application for WHERE LIGHTWEIGHTING STARTS™. In addition, Integral has a registered mark for ELECTRIPLAST® in China, Japan, Europe and Taiwan, plus a pending trademark application in Korea for ELECTRIPLAST™. In addition, Integral has pending trademark applications in China, Japan, Europe, Korea and Taiwan for WHERE LIGHTWEIGHTING STARTS™. These applications and registration establish rights for the use of these marks in commerce.

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. Because some patent applications in the United States may be maintained in secrecy until the patents are issued, patent applications in the United States and many foreign jurisdictions are typically not published until eighteen months after filing, and publications in the scientific literature often lag behind actual discoveries, we cannot be certain that others have not filed patent applications for technology covered by our issued patents or our pending applications or that we were the first to invent the technology. Our competitors have filed, and may in the future file, patent applications covering technology similar to ours. Any such patent application may have priority over our patent applications and could further require us to obtain rights to issued patents covering such technologies. 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 of the Company. 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. Competitors may independently develop substantially equivalent proprietary information and techniques that would legally circumvent our intellectual property rights. The inability to adequately protect our intellectual property rights, or any substantial expenses incurred in protecting our intellectual property rights, could have a material adverse affect on our financial condition and results of operations.

Obtaining and maintaining our patent protection depends on compliance with various procedural, document submissions, fee payment and other requirements imposed by governmental patent agencies, and our patent protection could be reduced or eliminated for non-compliance with these requirements. The PTO and various foreign governmental patent agencies require compliance with a number of procedural, documentaries, fee payment and other provisions during the patent process. There are situations in which noncompliance can result in abandonment or lapse of a patent or patent application, resulting in partial or complete loss of patent rights in the relevant jurisdiction. In such an event, competitors might be able to enter the market earlier than would otherwise have been the case.

Confidentiality agreements with employees and others may not adequately prevent disclosure of our trade secrets and other proprietary information and may not adequately protect our intellectual property, which could limit our ability to compete. We rely in part on trade secret protection in order to protect our proprietary trade secrets and unpatented know-how. However, trade secrets are difficult to protect, and we cannot be certain that others will not develop the same or similar technologies on their own. We have taken steps, including entering into confidentiality agreements with our employees, consultants, outside collaborators and other advisors, to protect our trade secrets and unpatented know-how. These agreements generally require that the other party keep confidential and not disclose to third parties all confidential information developed by the party or made known to the party by us during the course of the party's relationship with us. We also typically obtain agreements from these parties which provide that inventions conceived by the party in the course of rendering services to us will be our exclusive property. However, these agreements may not be honored and may not effectively assign intellectual property rights to us. Enforcing a claim that a party illegally obtained and is using our trade secrets or know-how is difficult, expensive and time consuming, and the outcome is unpredictable. In addition, courts outside the United States may be less willing to protect trade secrets or know-how. The failure to obtain or maintain trade secret protection could adversely affect our competitive position.

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, 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. The inability to adequately protect our intellectual property rights, or any substantial expenses incurred in protecting our intellectual property rights, could have a material adverse affect on our financial condition and results of operations.

If there are defects and errors in the Company's technology, it may lose revenues. Developing, marketing and sale of our products and services may subject us to product liability claims. We currently do not have insurance coverage against product liability risks. Although we intend to purchase such insurance, such insurance coverage may not be adequate to satisfy any liability that may arise. Regardless of merit or eventual outcome, product liability claims may result in decreased demand for a service, injury to our reputation, and loss of revenues. Defects and errors in current or future services or products could result in delay or prevent further deployment of the Company's technology, lost revenues, or a delay in or failure to achieve market acceptance. Any of these scenarios could seriously harm the Company's business and operating results. If the Company's products contain defects not discovered in the process of development or in its current deployment, it could seriously undermine the perceived trust and security needed for a commercial system and could delay or prevent market acceptance of its technology resulting in material adverse effects to the Company's business and operating results. Any defect or error could also deter potential customers, result in loss of customer confidence and adversely affect the Company's existing customer relationships and may result in losses that could be material to us.

How future issuances of common stock pursuant to our stock plans will affect you. We have three non-qualified stock plans in effect. As of June 30, 2014, approximately 2,639,500 (2001-764,500, 2003-1,375,000, 2009-500,000) shares are available under the 2001 and 2003 plans for future issuance, either directly or pursuant to options, to our officers, directors, employees and consultants. As of June 30, 2014, approximately 5,250,000 shares are issued and have fully vested under our option plans, at a weighted-average exercise price of approximately \$0.43 per share. 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 upon, among other things, 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. Our contemplated future financial requirements do not contemplate or anticipate making any cash distributions upon our common stock in the foreseeable future.

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. Historically, our common stock has been thinly traded and the market price has been highly volatile. During the year ended June 30, 2014, the closing bid price of our common stock has been quoted on the OTC Bulletin Board from as low as \$0.24 to as high as \$0.58. 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:

- 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;
- significant developments relating to our relationships with our customers or suppliers;
- customer demand for our products;
- investor perceptions of our industry in general;
- announcements by us or our competitors of new products, significant acquisitions, strategic partnerships or divestitures
- changes in the market's perception of us or the nature of our business; and
- sales of our common stock.

Securities class action litigation is often instituted against companies following periods of volatility in their stock price. This type of litigation could result in substantial costs to us and divert our management's attention and resources. Moreover, securities markets may from time to time experience significant price and volume fluctuations for reasons unrelated to operating performance of particular companies. These market fluctuations may adversely affect the price of our common stock and other interests in our company at a time when you want to sell your interest in us.

Future sales of common stock into the public marketplace will increase the public float and may adversely affect the market price. As of June 30, 2014, approximately six million shares of common stock were available for sale by both affiliates (officers and directors) and non-affiliates under Rule 144 of the Securities Act of 1933, as amended. In general, under Rule 144, a person who has held stock for six months and is not an affiliate of the Company may sell their shares without limitation under Rule 144. Future sales of common stock will increase the public float and may have a material adverse effect on the market price of the common stock, which in turn could have a material adverse effect on our ability to obtain future funding as well as create a potential market overhang.

If our common stock remains subject to the SEC’s penny stock rules, broker-dealers may experience difficulty in completing customer transactions and trading activity in our securities may be adversely affected. Unless our securities are listed on a national securities exchange, or we have net tangible assets of \$5,000,000 or more and our common stock has a market price per share of \$5.00 or more, transactions in our common stock will be subject to the SEC’s “penny stock” rules. If our common stock remains subject to the “penny stock” rules promulgated under the Securities Exchange Act of 1934, broker-dealers may find it difficult to effectuate customer transactions and trading activity in our securities may be adversely affected.

Under these rules, broker-dealers who recommend such securities to persons other than institutional accredited investors must:

- make a special written suitability determination for the purchaser;
- receive the purchaser’s written agreement to the transaction prior to sale;
- provide the purchaser with risk disclosure documents which identify certain risks associated with investing in “penny stocks” and which describe the market for these “penny stocks” as well as a purchaser’s legal remedies; and
- obtain a signed and dated acknowledgment from the purchaser demonstrating that the purchaser has actually received the required risk disclosure document before a transaction in a “penny stock” can be completed.

As a result, if our common stock becomes subject to the penny stock rules, the market price of our securities may be depressed, and you may find it more difficult to sell our securities.

Because certain of our stockholders control a significant number of shares of our common stock, they may have effective control over actions requiring stockholder approval. Our directors, executive officers and principal stockholders, and their respective affiliates, beneficially own approximately 13.4% of our outstanding shares of common stock. As a result, these stockholders, acting together, would have the ability to control the outcome of matters submitted to our stockholders for approval, including the election of directors and any merger, consolidation or sale of all or substantially all of our assets. In addition, these stockholders, acting together, would have the ability to control the management and affairs of our company. Accordingly, this concentration of ownership might harm the market price of our common stock by:

- delaying, deferring or preventing a change in corporate control;
- impeding a merger, consolidation, takeover or other business combination involving us; or
- discouraging a potential acquirer from making a tender offer or otherwise attempting to obtain control of us.

If securities or industry analysts do not publish research or reports about our business, or if they change their recommendations regarding our stock adversely, our stock price and trading volume could decline. The trading market for our common stock will be influenced by the research and reports that industry or securities analysts publish about us or our business. We do not currently have and may never obtain research coverage by industry or financial analysts. If no or few analysts commence coverage of us, the trading price of our stock would likely decrease. Even if we do obtain analyst coverage, if one or more of the analysts who cover us downgrade our stock, our stock price would likely decline. If one or more of these analysts cease coverage of our company or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause our stock price or trading volume to decline.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

We do not own any real property. We lease office space in Bellingham, Washington and Canton, Michigan. We principally use the Bellingham, Washington office space as our corporate headquarters. All manufacturing of our products occurs at the Jasper facility. Our corporate headquarters and operations are located in Bellingham WA, where, as of June 30, 2014, we lease and occupy approximately 2,000 rentable square feet of office space at our Bellingham, Washington facility. Rent expense for the year ended June 30, 2014 and 2013 totaled approximately \$22,056 and \$22,056, respectively. Our lease is month to month. Our technology center is located in Canton MI. where as of June 30, 2014 we lease and occupy approximately 2,000 rentable square feet of office space at the Canton MI facility. Rent expense for the year ended June 30, 2014 and June 30, 2013 was approximately \$30,000 and nil respectively.. This lease expires on June 30, 2018. We believe that our facilities are suitable and adequate for our needs for the foreseeable future.

ITEM 3. LEGAL PROCEEDINGS

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

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II**ITEM 5. MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS***Market Information*

There is a limited public market for our common stock. On May 9, 1997, our common stock began publicly trading on the OTC Bulletin Board under the symbol "ITKG," and it currently trades on the OTCQB. The following table sets forth the range of high and low bid quotations for our common stock for each quarter of the fiscal years ended June 30, 2014 and 2013.

<u>Quarter Ended</u>	<u>Low Bid</u>	<u>High Bid</u>
September 30, 2012	\$ 0.29	\$ 0.39
December 31, 2012	\$ 0.20	\$ 0.38
March 31, 2013	\$ 0.20	\$ 0.37
June 30, 2013	\$ 0.28	\$ 0.45
September 30, 2013	\$ 0.35	\$ 0.58
December 31, 2013	\$ 0.28	\$ 0.47
March 31, 2014	\$ 0.24	\$ 0.39
June 30, 2014	\$ 0.25	\$ 0.39

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 2, 2014 there were approximately 297 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, 2014, has previously been included in Quarterly Reports on Forms 10-Q and Current Reports on Form 8-K filed during the period covered by this report. Information regarding the recent sales of unregistered securities can be found in note 5 of the financial statements.

Repurchases of equity securities

We did not repurchase any of our outstanding equity securities during the fourth quarter ended June 30, 2014.

ITEM 6. SELECTED FINANCIAL DATA

As a “smaller reporting company,” as defined in Rule 12b-2 of the Exchange Act, we are not required to provide the information called for by this Item.

ITEM 7. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

The following discussion of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and the notes to those financial statements appearing elsewhere in this Annual Report on Form 10-K. This discussion contains forward-looking statements that involve significant risks and uncertainties. As a result of many factors, such as those set forth under "Risk Factors" in Item 1A of this Annual Report on Form 10-K, our actual results may differ materially from those anticipated in these forward-looking statements.

Overview

Integral focuses the majority of our resources on researching, developing and commercializing our ElectriPlast® technologies. The technology possesses a multitude of applications in a myriad of industries. These include the auto industry, the aerospace, consumer electronics, and commercial aviation industries, among others. One key factor that could drive demand for ElectriPlast is the need for light-weighting. Automotive and aerospace are leading the way to achieve reduced emissions and increased fuel economy. Light-weighting involves the substitution of lighter materials, often times using carbon-fiber based, for heavier (aluminum and other metals) materials.

In addition, Integral allocates resources to expand and protect the extensive intellectual property holdings surrounding its ElectriPlast® technology. Our business strategy focuses on the leveraging of our intellectual property rights and our strength in product design and material innovation. We are focusing our business development and marketing efforts on securing licensing and/or joint development agreements in areas for which we currently hold patents covering specific materials, components, parts, applications or end-products incorporating conductive resins and ElectriPlast technology. Integral collaborates with suppliers, Tier1 vendors, OEM's and manufacturers of products who would benefit from the incorporation of any of the ElectriPlast® applications.

ElectriPlast® is an innovative, electrically and thermally conductive resin-based material. The ElectriPlast® 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, is non-corrosive, and can serve as an electrically conductive alternative material to metal.

[Table of Contents](#)

Various examples of applications for ElectriPlast® where Integral holds patent protection are: antennas, electronics shielding, lighting/LED circuitry, motors, switch actuators, resistors, medical devices, thermal management, toys and cable connector bodies, among others. We have been working to introduce these new applications and the ElectriPlast® technology on a global scale.

During the fiscal year ended June 30, 2014, several actions were taken by the Company to better position the commercialization of ElectriPlast. The Company continued to emphasize the expansion of ElectriPlast's technical and engineering capabilities. On January 24, 2014, Integral announced the opening of its ElectriPlast Tech Center in Detroit, which provides facility upgrades for staff expansion, while adding resources for greater internal testing, engineering and product development. The Detroit Tech Center's engineering staff has over 50 years of expertise and Integral plans to add to this team in the near future. With the opening of the Detroit facility, Integral subsequently announced that it closed its Fort Washington, Pennsylvania office at the end of January. The Company also announced the appointment of Integral's Chairman of the Board, James Eagan, to the position of CEO of ElectriPlast. Mr. Eagan replaced Herbert Reedman Jr., who led the commercialization efforts for ElectriPlast over the past three years. Mr. Reedman resigned his position as an Integral Board member and as President, and remained an adviser to Integral's Board of Directors. Integral's CEO, Doug Bathauer was appointed President of the Company. The Company also announced the hiring of Slobodan ("Bob") Pavlovic to its Detroit Tech Center engineering team. Pavlovic, an innovator in conductive plastic applications and a veteran of the auto and aircraft industry, adds more than 34 years of experience in advanced engineering to the company. On February 20, 2014, William Ince resigned as chief financial officer of the Company, effective immediately. There was no disagreement or dispute between Mr. Ince and the Company which led to his resignation.

The Company has continuing needs for funding to address operating requirements as well as to realize growth opportunities. Integral announced on February 20, 2014 that Bart Snell was named the Company's Chief Financial Officer. Snell brought extensive financial and accounting experience to Integral, including roles with various emerging growth and public companies in the technology, telecommunication and manufacturing industries. Snell will assist the CEO and Board in overseeing the company's development and financial growth.

To date we have recorded nominal revenues. We are still considered a development stage company for accounting purposes. From inception on February 12, 1996 through June 30, 2014, we have accrued an accumulated deficit of approximately \$48.5 million.

As of June 30, 2014, our assets were \$251,429, consisting of cash of \$199,777, prepaid expense of \$23,831 and fixed assets of \$27,821.

As of June 30, 2014, current liabilities of \$1,083,220 consisting of accounts payable and accruals of \$973,220, a deferred liability of 50,000, and a promissory note of \$60,000. During the year, we extinguished our convertible debentures and our preferred stock. Non-current liabilities consist of deferred liability of \$420,833 and promissory note of \$229,500.

As of June 30, 2014, total stockholders' deficit was \$1,482,124.

Results of Operations of the Year Ended June 30, 2014 compared to the Year Ended June 30, 2013

Our net loss for the year ended June 30, 2014, was \$4,526,508 compared to a net loss of \$3,749,790 for the prior fiscal year, a difference of \$776,718. The fiscal year ended June 30, 2014 included the addition of \$29,167 of license revenue arising from the current amortization of the \$500,000 payment by Hanwha L&C to the Company for the 10-year license extended by the Company to Hanwha as of June 30, 2013. During the fiscal year, the Company took several actions to reduce and redirect operating expenses, and incurred one-time termination expense of \$675,000 representing the fair value of common shares to be issued in relation to closing the Fort Washington, Pennsylvania office. Total expenses for the year ended June 30, 2014 were \$4,202,900 compared to \$3,571,313 for the year ended June 30, 2013. Total expenses after removing the one-time termination expense, were essentially unchanged from the year ending June 30, 2013. Net loss was \$4,526,508 for the period ended June 30, 2014 included the effect of increased interest expense of \$271,507 during 2014 compared to the same period in 2013 associated with the convertible debentures, and net effect of extinguishing the convertible debt.

[Table of Contents](#)

Selling, general, and administrative expense was primarily comprised of consulting expense, salaries and benefits, advertising and travel, legal and professional expense, and general and administrative expenses. This expense was \$3,460,272 for the year ended June 30, 2014 compared to \$3,482,115 for the year ended June 30, 2013.

Consulting fees for the year ended June 30, 2014 were \$1,862,786, including non-cash, stock based compensation charges for options previously granted of \$100,076. In addition, shares were issued for services rendered valued at \$828,283. This is compared to consulting fees of \$2,260,810 for the year ended June 30, 2013, that included non-cash, stock based compensation charges for options granted of \$131,679. In addition, shares were issued for services rendered valued at \$974,125. As described in the notes to the financial statements, the fair value of options granted and shares issued for services were valued using the Black-Scholes option pricing model. Consulting fees declined primarily due to the closure of the Fort Washington, Pennsylvania office.

Salaries and benefits for the year ended June 30, 2014 were \$915,339, including non-cash, stock based compensation for options and warrants granted and restricted stock award grants of \$166,167. This compared to salaries and benefits of \$275,000 for the year ended June 30, 2013, that included stock based compensation of nil.

Advertising and travel expense was \$181,273 for the year ended June 30, 2014, compared to \$152,314 for the year ended June 30, 2013. Legal and accounting expense was \$169,591 for the year ended June 30, 2014, compared to \$472,833 for the year ended June 30, 2013.

General and administrative expense was \$331,283 for the year ended June 30, 2014, compared to \$235,835 for the year ended June 30, 2013.

Research and development costs incurred during the year ended June 30, 2014 were \$67,628, a modest decrease of \$21,570, from \$89,198 incurred during the year ended June 30, 2013.

During the fiscal year ended June 30, 2014, the Company took several actions to reduce and redirect operating expenses, and incurred one-time termination expense of \$675,000 representing the fair value of common shares to be issued in relation to closing the Fort Washington, Pennsylvania office.

Operating loss was \$4,173,733 for the year ended June 30, 2014, compared to \$3,571,313 for the year ended June 30, 2013, and was essentially the same as the comparable period for 2013 if the one-time termination expense is excluded from 2014.

Other income includes gain on extinguishment of debt, and other non-revenue related income. Other income was \$199,205 for the year ended June 30, 2014 compared to \$272,457 for the period ended June 30, 2014.

Other expense includes loss on extinguishment of convertible debentures, and financing fees. Other expense was \$150,076 for the year ended June 30, 2014, compared to \$320,537 for the period ended June 30, 2013.

Our net loss for the year ended June 30, 2014, was offset somewhat by license revenue of \$29,718. The License revenue represents the 10-year amortization of the two tranches of \$250,000 payments from our Hanwha agreement.

For the year ended June 30, 2014, our cash used in operating activities was \$2,288,512 compared to \$1,785,964 used in 2013. Much of the increase in cash used in operating activities was associated with the reduction in liabilities, with accounts payable and accruals decreasing \$1,297,507 to \$973,220 for the year ended June 30, 2014 from \$2,270,727 for the same period in 2013. Convertible debentures and derivative financial liabilities were eliminated for the year ended June 30, 2014, which represented a reduction of \$588,929 from the year ended June 30, 2013.

For the year ended June 30, 2014, our cash provided by financing activities was \$1,984,219 compared to \$2,146,099 provided in 2013, represented by proceeds of \$1,695,696 from issuance of common stock (2013 - \$2,199,670) share issuance costs of \$168,010 (2013- \$199,910) proceeds from promissory notes of \$394,500 and proceeds from convertible debentures of \$345,000 (2013 - \$377,500). This was offset by repayment of promissory note of \$105,000 (2013 - \$123,696) and repayment of convertible debentures of \$321,132 (2013 - \$120,865).

Liquidity and Capital Resources

As of June 30, 2014, we had \$199,777 in cash on hand, and we estimate that we will require \$3.0 million of additional financing to carry out our business plan and to continue to operate during our fiscal year ending June 30, 2015. Accordingly, management believes that until we generate revenues/income from operations (we have none to date), additional funding will be required to carry out our business plan.

Based on our current cash and cash equivalents levels and expected cash flow from operations, we believe our current cash position is not sufficient to fund our cash requirements during the next twelve months, including operations and capital expenditures. We intend to license our proprietary technology and services or obtain equity and/or debt financing to support our current and proposed operations and capital expenditures. There can be no assurance, however, that any such opportunities may arise, or that any such acquisitions may be consummated. Additional financing may not be available on satisfactory terms when required. In addition, the trading price of our common stock and a downturn in the equity and debt markets could make it more difficult to obtain financing through the issuance of equity or debt securities. To the extent that we raise additional funds by issuing equity securities, our stockholders may experience significant dilution. We currently have no firm commitments for any additional capital. There is no guarantee that we will be successful in raising the funds required. If additional financing is not available or is not available on acceptable terms, we will have to curtail our operations.

The Company has used approximately \$28,000,000 in cash from operations since inception in 1996, which has been funded primarily from proceeds from the issuance of common stock. The company has issued warrants which have the potential to yield \$12,800,000 calculated as 28,292,715 warrants at a weighted average exercise price of \$0.45. In the event the stock price rises to certain levels in the future and that some or all of the warrant holders elect to acquire Common Stock shares by exercising their warrants, prior to the expiry date, the Company may raise additional funds from warrant holders. We have no ability to forecast future stock price movements nor are we able to determine how many warrant holder would elect to acquire shares by exercising their warrants.

We are not currently in the manufacturing business. As demand continues to grow and our need to increase capacity, reduce manufacturing costs and to improve margins, we would consider directly entering into the manufacturing business, including the possibility of acquiring existing assets or an operating company to help us accelerate this process, however this will only be possible through additional capital.

Critical Accounting Policies and Estimates

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

OFF-BALANCE SHEET ARRANGEMENTS

We had no off-balance sheet arrangements as of June 30, 2014.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

As a "smaller reporting company," as defined in Rule 12b-2 of the Exchange Act, we are not required to provide the information called for by this Item.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The full text of our audited consolidated financial statements as of June 30, 2014 and 2013 and for the years ended June 30, 2014 and 2014, begins on page F-1 of this Annual Report on Form 10-K.

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

None.

ITEM 9A. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

The term “disclosure controls and procedures” is defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, or the “Exchange Act.” These rules refer to the controls and other procedures of a company that are designed to ensure that the information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the required time periods. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in our Exchange Act reports is accumulated and communicated to management, including our chief executive officer and chief financial officer, as appropriate to allow timely decisions regarding required disclosure.

We carried out an evaluation, under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act. Based on this evaluation, as described below, management concluded that our disclosure controls and procedures were ineffective as of June 30, 2014.

Management’s Report on Internal Control Over Financial Reporting

The Company’s management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rule 13a-15(f) of the Exchange Act. These rules refer to the controls and other procedures of a company that are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Internal control over financial reporting includes these policies and procedures that (1) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of our assets; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of our assets that could have a material effect on the financial statements.

Under the supervision and with the participation of our management, including our Chief Executive Officer and chief financial officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting as of the end of the period covered by this report. Our evaluation was based on the criteria for smaller public companies set forth in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on our evaluation under those criteria, our management concluded that, as of June 30, 2014, our internal control over financial reporting is not effective due to the material weakness described below.

[Table of Contents](#)

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis. The primary factors contributing to the material weakness, which relates to our financial statement close process, were as follows:

- Ineffective controls over periodic financial disclosures and reporting processes.

While management believes that the Company's financial statements previously filed in the Company's SEC reports have been properly recorded and disclosed in accordance with US GAAP, based on the material weakness identified above, we have designed and plan to implement, or in some cases have already implemented, the specific remediation initiatives described below:

- On June 9, 2014 the Integral Board approved the retention of the Myriad CPA Group to provide all transactional bookkeeping and accounting services, perform a qualified, independent review over all significant transactions included in our financial reports as well as our period-end financial disclosures included in our periodic filings for our quarterly and annual SEC financial filing data.
- We defined our cash disbursement process and established a two-stage approval and release process for all disbursements.

Management believes the actions described above will remediate the material weakness we have identified and strengthen our internal control over financial reporting. Our management intends to substantially complete these identified remedial actions during the fiscal year ended June 30, 2015.

This annual report does not include an attestation report of our registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the Company's registered public accounting firm pursuant to the exemption provided to issuers that are neither "large accelerated filers" nor "accelerated filers" under the Dodd-Frank Wall Street Reform and Consumer Protection Act.

Changes in Internal Control Over Financial Reporting

No significant changes in the Company's internal control over financial reporting have come to management's attention during the Company's last fiscal quarter that have materially affected, or are likely to materially affect, the Company's internal control over financial reporting.

Limitations on the Effectiveness of Internal Controls

There are inherent limitations to the effectiveness of any system of internal control over financial reporting, such as resource constraints, judgments used in decision-making, assumptions about the likelihood of future events, the possibility of human error and the risk of fraud. Accordingly, even an effective system of internal control over financial reporting can provide only reasonable assurance with respect to the preparation and presentation of financial statements in accordance with accounting principles generally accepted in the United States. Moreover, projections of any evaluation of effectiveness in future periods are subject to the risk that controls may be inadequate because of changes in conditions, or that the degree of compliance with policies or procedures may deteriorate over time. Our management, including our chief executive officer and chief financial officer, do not expect that our disclosure controls and procedures or our internal control over financial reporting are or will be capable of preventing or detecting all errors or fraud.

ITEM 9B. OTHER INFORMATION

N/A

PART III**ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS**

The following table sets forth certain information regarding the directors and executive officers of Integral Technologies, Inc as of September 25, 2014:

Name	Age	Position with Company	Director of Company Since
Doug Bathauer	49	Director, CEO, President and Treasurer	November 2012
William A. Ince	63	Director, Secretary	February 1996
James Eagan	51	Director, Chairman	January 2011
W. Bartlett Snell	62	Chief Financial Officer	February 2014
Richard Blumberg	65	Independent Director	November 2012

James Eagan

(Director and Chairman)

Mr. Eagan is the Chairman of Integral Technologies, Inc, and on January 23, 2014 he was appointed Chief Executive Officer of ElectriPlast Corporation. Mr. Eagan replaced the previous ElectriPlast CEO, Herbert Reedman, who resigned as president and director of Integral Technologies, Inc.

James Eagan is a former satellite telecommunications executive and a co-founder of ORBCOMM, LLC. As Executive Vice President, Chief Marketing Officer and Director of ORBCOMM, he was responsible for developing a new business model, slashing costs, raising capital, and growing the subscriber base.

He led pioneering efforts in the mobile satellite industry where he was responsible for launching low cost satellite services in North America and Asia Pacific. Prior to ORBCOMM, Mr. Eagan was with Lockheed Martin and started his career as a naval officer. He is a graduate of the University of California Los Angeles and received his MBA from George Washington University.

Doug Bathauer

(Director, CEO, President and Treasurer)

Mr. Bathauer was appointed to the Board and as the Chief Executive Officer of the Company upon the resignation of Mr. William Robinson, our former Director and Chief Executive Officer, on November 8, 2012. Mr. Bathauer drives the development and implementation of company strategies. Prior to CEO, Mr. Bathauer was Vice President of Corporate Development for Integral and was responsible for Integral's corporate development efforts which included corporate communications, business development, and capital funding. Before joining Integral, Mr. Bathauer worked with some of the leading firms in the financial services industry providing financial and investment advice to early stage and small growth companies. Over his career Mr. Bathauer has advised a broad portfolio of corporate clients including consumer product, technology and renewable energy companies, assisting them in raising capital, corporate restructuring, and establishing national distribution channels. He is a graduate of Purdue University.

W. Bartlett Snell

(CFO)

On February 20, 2014, the board of directors of the Company appointed Bart Snell as Chief Financial Officer of the Company, effective immediately. Mr. Snell is responsible for all accounting, planning, and treasury operations of the company as well as an active contributor to the strategic direction of the Company.

Since September 2007, Mr. Snell has served as CEO of PowerSource Solutions, Inc., an outsource executive consulting company. From June 2004 until September 2007, Mr. Snell served as CFO and General Manager of Aptara Corp., a publishing services company. From February 1999 until July 2002, Mr. Snell served as Senior Vice President and CFO of Motient Corp. (previously American Mobile Satellite Corp.), a terrestrial and satellite wireless network provider company. Mr. Snell started his career at IBM Corp, where he served in a number of increasingly senior positions including CFO, IBM Australia. Mr. Snell received his Bachelor of Science from the University of Virginia in Commerce (Accounting) and his MBA from the University of Texas.

William A. Ince

(Director, Secretary)

Mr. Ince, a co-founder of our Company (since 1996), has been responsible for the development and implementation of corporate strategies and playing a key role in bringing our groundbreaking 'ElectriPlast®' technology to the marketplace.

Mr. Ince brings with him a background as a professional accountant and experience from management positions in finance and operations in several private companies. For the last 30 years he has been leveraging his extensive industry experience to deliver results focused business strategies. He has consulted to both private and public companies in the areas of marketing and finance, as well as turn-around situations.

Richard Blumberg

(Director-Independent Director)

Mr. Blumberg is a graduate from the University of Illinois with a degree in electrical engineering and computer science and from Stanford University with a degree in law. Over the course of his extensive, multifarious career, Mr. Blumberg has worked tirelessly to put that proficiency to use. He has acted as one of the principals of a medical-legal and class action labor litigation firm, achieving judgments in the hundreds of millions of dollars. He has served as CEO of leading wind power development company Energy Logics, and, while there, oversaw the buyout of the company, which went on to successfully develop a 120 MW wind farm in Montana. Most recently, Blumberg has worked as a venture capital entrepreneur in high-tech and life sciences companies and is also currently a major shareholder in Insync Analytics, the co-developer of an analytical trading tool presently used in-house to trade stocks and commodities.

Non-Executive Officer

Mohamed Zeidan-

(Chief Technology Officer)

Mr. Zeidan is the Company's Chief Technology Officer, and is located at the company's Detroit Tech Center. Previously, starting in 2009 he served in a similar capacity as an outside consultant. Mr. Zeidan has over 25 years of experience in automotive engineering and engineering management. Mr. Zeidan was the Chief Technology Officer and Director of Hybrid Engineering at Lear, creating the Hybrid Engineering Department that developed innovative technologies resulting in major business growth. Prior to Lear, he worked at United Technologies Automotive ("UTA") for nearly 14 years in Advanced Engineering for many Global OEM programs-from Advance Phase through Production Launch, managing the complete life cycle of the technology.

Mr. Zeidan and his team identify partners for joint development opportunities where ElectriPlast® is introduced into the customers products and taken through product implementation, including prototype testing to secure technology approval and validation, resulting in a contract award to the Company.

Slobodan Pavlovic-

(Vice President, Engineering)

Mr. Pavlovic is Vice President of Engineering, and is located at the Company's Detroit Tech Center. Pavlovic, an innovator in conductive plastic applications and a veteran of the auto and aircraft industry, brings more than 34 years of experience in advanced engineering to the Company. His world-class engineering expertise is another critical element advancing ElectriPlast's transformative impact on a variety of product materials by reducing weight while preserving key conductive and shielding properties.

Pavlovic spent the past eight years at Lear Corporation serving as Vice President of Global High Voltage/High Power (HV/HP) Systems and Components. He led Lear's advanced engineering groups making Lear a leader in the use of conductive plastics for HV/HP applications. Prior to Lear, Mr. Pavlovic spent five years at Amphenol Tuchel Electronics, a leader in connectors, serving as Director of Advanced Engineering. Pavlovic spent six years as a Manager and Director of Advanced Engineering at FCI, a supplier of electronic and electrical interconnect systems. There, he served as the "Subject Matter Expert" leading and directing multidisciplinary engineering groups in the development and launch of new technologies and products. Mr. Pavlovic also spent 12 years in development of jet engines and engine accessories at Air Depot Oraq.

Board Committees

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

Our Board of Directors does not currently have any committees and as such the Board as a whole carries out the functions of audit, nominating and compensation committees. We expect our Board of Directors, in the future, to appoint an audit committee, a nominating committee and a compensation committee and to adopt charters relative to each such committee. We intend to appoint such persons to committees of the Board of Directors as are expected to be required to meet the corporate governance requirements imposed by a national securities exchange, although we are not required to comply with such requirements until we elect to seek listing on a national securities exchange.

The Board of Directors selects our independent public accountant, establishes procedures for monitoring and submitting information or complaints related to accounting, internal controls or auditing matters, engages outside advisors, and makes decisions related to funding the outside auditory and non-auditory advisors.

Audit Committee Financial Expert

We do not currently have an "audit committee financial expert" as defined under Item 407(e) of Regulation S-K. As discussed above, our Board of Directors plans to form an Audit Committee. In addition, the Board is actively seeking to appoint an individual to the Board of Directors and the Audit Committee who would be deemed 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 each of our senior executive officers. A copy of that code is available on our corporate website at <http://www.itkg.com>. A copy of our Code of Business Conduct and Ethics will also be provided free of charge upon request to: Secretary, Integral Technologies Inc. 805 West Orchard Dr. Suite 7, Bellingham WA 98225.

Section 16(a) Beneficial Ownership Reporting Compliance (update)

Section 16(a) of the Securities Exchange Act of 1934 requires our Company's officers and directors, and persons who own more than 10% of a registered class of our Company's equity securities, to file reports of ownership and changes in ownership with the Securities and Exchange Commission ("SEC"). Officers, directors, and greater than 10% shareholders are required by SEC regulations to furnish us with copies of all Section 16(a) forms they file. Based solely on our review of copies of such reports received or written representations from certain reporting persons, we believe that, during the year ended June 30, 2014, all Section 16(a) filing requirements applicable to our officers, directors and ten percent shareholders were timely complied with by such persons, except for the following: (1) William S. Robinson filed a late Form 4 on September 27, 2010 regarding the acquisition of 500,000 options for the purchase of Common Stock that were granted on July 14, 2009; (2) William A. Ince filed a late Form 4 on September 27, 2010 regarding the acquisition of 500,000 options for the purchase of Common Stock on July 14, 2009; and (3) Richard P. Blumberg, a 10% security holder, filed a late Form 3 on June 28, 2010 relating to the acquisition of Common Stock on December 9, 2009.

ITEM 11. EXECUTIVE COMPENSATION

The following information discloses all plan and non-plan compensation awarded to, earned by, or paid to our executive officers, and other individuals for whom disclosure is required, for all services rendered in all such capacities to Integral 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 principal executive officer and two other highest paid executive officers whose total annual salary and bonus exceeded \$100,000 (collectively, the "named executive officers"), during the fiscal years ended June 30, 2014 and 2013.

Name and Principal Position	Fiscal Year Ended June 30	Salary (\$)	Bonus (\$)	Stock Awards(n1)	Options Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	Nonqualified Deferred Compensation Earnings (\$)	All Other Compensation (\$ (n2)	Total (\$)
James Eagan Chairman, Director Chief Executive Office of wholly owned subsidiary ElectriPlast Corp	2014	\$ 198,000		-0-	-0-	-0-	\$ -0-	\$ -0-	\$ 198,000
	2013	\$ 168,000	-0-	\$ -0-	\$ -0-	0-0-	\$ -0-	\$ -0-	\$ 168,000
Doug Bathauer Chief Executive Officer, Treasurer, Director	2014	\$ 198,000	-0-	\$ -0-	-0-	-0-	-0-	\$ -0	\$ 198,000
	2013	\$ 150,000	-0-	\$ -0-	-0-	-0-	-0-	\$ -0	\$ 150,000
William A. Ince Accounting Officer, Secretary, Director	2014	\$ 220,000	-0-	\$ -0-	-0-	-0-	-0-	\$ 23,189	\$ 243,189
	2013	\$ 220,000	-0-	\$ -0-	-0-	-0-	-0-	\$ 23,189	\$ 243,189

(n1) Reflects dollar amount expensed by the company during applicable fiscal year for financial statement reporting purposes pursuant to ASC 718. ASC 718 requires the company to determine the overall value of the options as of the date of grant based upon the Black-Scholes method of valuation, and to then expense that value over the service period over which the options become exercisable (vest). As a general rule, for time-in-service-based options, the company will immediately expense any option or portion thereof which is vested upon grant, while expensing the balance on a pro rata basis over the remaining vesting term of the option. For a description ASC 718 and the assumptions used in determining the value of the options under the Black-Scholes model of valuation, see the notes to the consolidated financial statements included with this report.

(n2) In 2014 and 2013, William A. Ince received an automobile expense allowance of \$18,000.

Executive Officer Outstanding Equity Awards At Fiscal Year-End

The following table provides certain information concerning any common stock purchase options, stock awards or equity incentive plan awards held by each of our named executive officers that were outstanding as of June 30, 2014.

Name	Option Awards				Stock Awards					
	Equity Incentive Plan Awards:				Equity Incentive Plan Awards:					
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Number of Securities Underlying Unexercised Options (#) Unearned	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested	Market Value of Shares or Units of Stock That Have Not Vested	Number of Unearned Shares, Units or Rights That Have Not Vested	Market or Payout Value of Unearned Shares, Units or Rights That Have Not Vested	
William A. Ince (n1)	415,000	0	0	\$ 1.00	7/31/2014	0	0	0	0	
	500,000	0	0	\$ 0.25	12/31/2014					
Doug Bathauer (n2)	250,000	0	0	\$ 0.25	12/31/2015	0	0	0	0	
	125,000	0	0	\$ 0.25	12/31/2014					
James Eagan	100,000	0	0	\$ 0.85	06/01/2014	0	0	0	0	
	100,000	0	0	\$ 0.85	12/01/2014					
	100,000	0	0	\$ 0.85	06/01/2015	0	0	0	0	
	100,000	0	0	\$ 0.85	12/01/2015					
	100,000	0	0	\$ 0.85	06/01/2016	0	0	0	0	
	100,000	0	0	\$ 0.85	06/01/2016	0	0	0	0	

(n1) Mr. Ince holds the following options: On July 1, 2002, Mr. Ince was granted an option to acquire 415,000 shares of common stock at an exercise price of \$1.00 per share. In June 2007, the expiration date of these options was extended until December 31, 2010 and on April 10, 2010 the expiration date of these options was extended to July 31, 2014. On July 14, 2009 Mr. Ince was granted an option to acquire 500,000 shares of common stock at an exercise price of \$0.25 per share. These options are exercisable after January 1, 2010 and expire on December 31, 2014.

(n2) Mr. Bathauer holds the following options: 250,000 options to acquire 250,000 shares of common stock at an exercise price of \$0.25 per share which expire on December 31, 2015. Mr. Bathauer also holds 125,000 options to acquire 125,000 shares of common stock at an exercise price of \$0.25 and expire on December 31, 2014.

Compensation of Directors

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 non-employee directors during the last completed fiscal year ended June 30, 2014.

Name	Fees Earned or Paid in Cash (\$)	Stock Awards (\$)	Options Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	Nonqualified Deferred Compensation Earnings (\$)	All Other Compensation (\$)	Total (\$)
Richard Blumberg	\$ 8,000	-0-	-0-	-0-			\$ 8,000

Employment Contracts and Termination of Employment and Change-in-Control Arrangements

The term of Mr. Ince's agreement is from August 1, 2009 through to July 31, 2014. The agreement calls for a compensation package of \$220,000 annually for services and \$1,500 per month for an automobile allowance. In addition, Integral has granted Mr. Ince options to acquire 500,000 shares of Integral's common stock at an exercise price of \$0.25 per share. These options fully vested on August 1, 2009 and may be exercised in whole or in part at any time. All options shall expire on December 31, 2014. The agreement also contains customary provisions regarding confidentiality of the Company's proprietary information and non-competition.

In the event of termination without cause, Mr. Ince is entitled to one year's compensation as severance.

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 and performance with business objectives of the Company 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 criteria, 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.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Common Stock

The following table sets forth, as of June 30, 2014 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.

Name and Address of Beneficial Owner (n1)	Amount and Nature of Beneficial Ownership(n2)	Percent of Class (n3)
Executive Officers and Directors:		
Doug Bathauer 805 West Orchard Dr. Suite #7 Bellingham WA 98225	493,823	.5%
William A. Ince 805 W. Orchard Dr., Suite #7 Bellingham, WA 98225	3,176,925	3.2%
Bart Snell P.O. Box 1271 Mac Lean VA 22101	286,000	.29%
James Eagan 805 West Orchard Dr. Suite 7 Bellingham WA 98225	1,600,000	1.6%
Richard P. Blumberg (n4)	7,731,142 (n4)	7.8%
All executive officers and directors as a group (5 persons)	13,287,890	13.4%

(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.

(n3) Based upon 98,985,442 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.

(n4) Based on information contained in Schedule 13G filed with the SEC on February 5, 2012, filed by Richard P. Blumberg whose address is 2357 Hobart Ave. S.W., Seattle, WA 98116. Richard P. Blumberg has sole voting power with respect to 4,940,667 and has shared voting power over 2,790,475 shares.

Equity Compensation Plan Information

The following information concerning the Company's equity compensation plans is as of the end of the fiscal year ended June 30, 2014:

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of options, warrants and rights	Number of securities available for future issuance under equity compensation plans (excluding securities reflected in column (a))
	(a)	(b)	(c)
Equity compensation plans approved by security holders	N/A	N/A	N/A
Equity compensation plans not approved by security holders	5,250,000	\$0.43	2,639,500
Total	5,250,000	\$0.43	2,639,500

As of June 30, 2014, Integral has three Employee Benefit and Consulting Services Compensation Plans (the "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.

On July 14, 2009, Integral adopted an employee benefit and consulting services compensation plan entitled the Integral Technologies, Inc. 2009 Stock Plan (the "2009 Plan"). The 2009 Plan covers up to 4,000,000 shares of common stock. The 2009 Plan has not previously been approved by security holders.

Under all three 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.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Since the beginning of the last fiscal year, we have not entered into any transactions in which our officers and directors have a material interest, or that would otherwise be deemed a related-party transaction under the rules of the Securities Exchange Act of 1934.

ITEM 14. DIRECTOR INDEPENDENCE

Our Board of Directors is comprised of four members, Doug Bathauer, William A. Ince, James Eagan and Mr. Richard Blumberg. Mr. Bathauer, Mr. Ince and Mr. Eagan also serve as executive officers of the Company. We have one independent director at this time being Mr. Richard Blumberg.

ITEM 15. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Audit Fees

The aggregate fees billed for professional services rendered by SRLLP for the audit of our annual financial statements and the reviews of the financial statements included in our quarterly reports on Form 10-Q during fiscal years ended June 30, 2014 and 2013 were \$72,981 and \$70,500, respectively. On June 9, 2014 the board approved the dismissal of Smythe Ratcliffe LLP and the appointment of Baker Tilly Virchow Krause, LLP. As such the Company will incur charges from Baker Tilly going forward.

Audit-Related Fees

There were no other fees billed by SRLLP or Baker Tilly Virchow Krause, LLP during the last two fiscal years 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

There were no fees billed for professional services rendered by SRLLP or Baker Tilly Virchow Krause, LLP for tax compliance services in fiscal years ended June 30, 2014 and 2013, respectively.

All Other Fees

There were no other fees billed by SRLLP or Baker Tilly Virchow Krause, LLP during the last two fiscal years for products and services provided.

The Board of Directors selects our independent public accountant, establishes procedures for monitoring and submitting information or complaints related to accounting, internal controls or auditing matters, engages outside advisors, and makes decisions related to funding the outside auditory and non-auditory advisors.

ITEM 15. EXHIBITS

<u>Exhibit No.</u>	<u>Description</u>
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.)
4.01	Form of Warrant issued to the investors in the March 2014 private placement Incorporated by reference to Exhibit 4.1 of Integral's Current Report Form 8-K dated March 31, 2014 (filed April 7, 2014).)
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).)
10.22	Grant of Option dated November 6, 2006 between Integral and Thomas Aisenbrey. (Incorporated by reference to Exhibit 10.22 of Integral's Quarterly Report on Form 10-QSB for the period ended September 30, 2006.)
10.23	Manufacturing Agreement between Integral and Jasper Rubber Products, Inc. dated November 22, 2006. (Incorporated by reference to Exhibit 10.23 of Integral's Current Report on Form 8-K dated November 27, 2006 (filed December 4, 2006).)
10.24	Patent License Agreement between Integral and ADAC Plastics, Inc. d/b/a ADAC Automotive, dated November 28, 2006. (Incorporated by reference to Exhibit 10.24 of Integral's Current Report on Form 8-K dated December 18, 2006 (filed December 20, 2006).)
10.25	Patent License Agreement between Integral and Esprit Solutions Limited, dated December 18, 2006. (Incorporated by reference to Exhibit 10.25 of Integral's Current Report on Form 8-K dated January 9, 2007 (filed January 19, 2007).)
10.26	Patent License Agreement between Integral and Knowles Electronics, LLC, dated January 18, 2007. (Incorporated by reference to Exhibit 10.26 of Integral's Quarterly Report on Form 10-QSB for the period ended December 31, 2006.)

Table of Contents

10.27	Agreement between Integral and Visionary Innovations, Inc., dated February 16, 2007. (Incorporated by reference to Exhibit 10.27 of Integral's Quarterly Report on Form 10-QSB for the period ended March 31, 2007.)
10.28	Amendment One to Manufacturing Agreement between Integral and Jasper Rubber Products, Inc. dated July 19, 2007. (Incorporated by reference to Exhibit 10.28 of Integral's Current Report on Form 8-K dated July 19, 2007 (filed July 30, 2007).)
10.29	Integral Technologies, Inc. 2009 Stock Option Plan dated July 14, 2009. (Incorporated by reference to Exhibit 10.29 of Integral's Current Report on Form 10-KSB dated September 29, 2009 (filed September 29, 2009)) .
10.30	Employment Agreement between Integral and William Robinson dated July 14, 2009. (Incorporated by reference to Exhibit 10.30 of Integral's Current Report on Form 10-KSB dated September 29, 2009 (filed September 29, 2009)).
10.31	Employment Agreement between Integral and William Ince dated July 14, 2009. (Incorporated by reference to Exhibit 10.31 of Integral's Current Report on Form 10-KSB dated September 29, 2009 (filed September 29, 2009)).
10.32	Consulting Agreement between Integral and Mohamed Zeidan dated August 10, 2009. (Incorporated by reference to Exhibit 10.32 of Integral's Current Report on Form 10-KSB dated September 29, 2009 (filed September 29, 2009)).
10.33	Consulting Agreement between Integral and James Eagan dated December 1, 2010. (Incorporated by reference to Exhibit 10.33 of Integral's Current report on Form 10-k dated September 28, 2011 (filed September 28, 2011)).
10.34	Consulting Agreement between Integral and Herbert C. Reedman dated April 15, 2011. . (Incorporated by reference to Exhibit 10.34 of Integral's Current report on Form 10-k dated September 28, 2011 (filed September 28, 2011)).
10.35	Consulting Agreement between Integral and Stephen Neu dated June 1, 2011. (Incorporated by reference to Exhibit 10.35 of Integral's Current report on Form 10-k dated September 28, 2011 (filed September 28, 2011)).
10.36	Consulting Agreement between Integral and Paul MacKenzie dated June 1, 2011. (Incorporated by reference to Exhibit 10.36 of Integral's Current report on Form 10-k dated September 28, 2011 (filed September 28, 2011)).
10.37	Separation Agreement between Integral and William Robinson dated November 8, 2012. . (Incorporated by reference to Exhibit 10.37 of Integral's Current report on Form 10-K for the fiscal year ended June 30, 2013 (filed September 30, 2013)
10.38	Separation Agreement between Integral and Steven Neu dated June 13, 2013. (Incorporated by reference to Exhibit 10.38 of Integral's Current report on Form 10-K for the fiscal year ended June 30, 2013 (filed September 30, 2013)
10.39	Consulting Agreement Extension between Integral and Mo Zeidan dated June 20, 2013. (Incorporated by reference to Exhibit 10.38 of Integral's Current report on Form 10-K for the fiscal year ended June 30, 2013 (filed September 30, 2013)
10.40	License Agreement between Integral and Hanwha L&C Corp. dated June 19, 2013. †

Table of Contents

<u>10.41</u>	Separation Agreement between Integral and Herbert Reedman dated May 21, 2014. (filed herewith)
<u>10.42</u>	Separation Agreement between Integral and Paul Mackenzie dated March 20, 2014. (filed herewith)
<u>10.43</u>	Manufacturing and Services Agreement between Integral and Integral Asia dated February 28, 2014 (filed herewith).
<u>10.44</u>	Amended Separation Agreement between Integral and William Robinson dated May 1, 2014. (filed herewith)
10.45	Form of Subscription Agreement by and among Integral Technologies, Inc. and the investors in the March 2014 private placement. Incorporated by reference to Exhibit 10.1 of Integral's Current Report Form 8-K dated March 31, 2014 (filed April 7, 2014).)
<u>10.46</u>	Report of Registered Independent Public Accounting Firm, Smythe Ratcliffe, LLP (file herewith)
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.)
<u>21.4</u>	List of Subsidiaries. (file herewith)
<u>31.1</u>	Section 302 Certification by the Corporation's Chief Executive Officer. (Filed herewith).
<u>31.2</u>	Section 302 Certification by the Corporation's Chief Financial Officer. (Filed herewith).
<u>32.1</u>	Section 906 Certification by the Corporation's Chief Executive Officer. (Filed herewith).
<u>32.2</u>	Section 906 Certification by the Corporation's Chief Financial Officer. (Filed herewith).

† Confidential treatment has been granted for certain confidential portions of this exhibit pursuant to Rule 24b-2 under the Exchange Act. In accordance with Rule 24b-2, these confidential portions have been omitted from this exhibit and filed separately with the Commission.

SIGNATURES

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

INTEGRAL TECHNOLOGIES, INC

Dated: September 30, 2014

/s/ Douglas Bathauer
Douglas Bathauer, Chief Executive Officer

/s/ W. Bartlett Snell
W. Bartlett Snell, 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 Company and in the capacities and on the dates indicated.

<u>Name</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Douglas Bathauer</u> Douglas Bathauer	Director	September 30, 2014
<u>/s/ W. Bartlett Snell</u> W. Bartlett Snell	CFO	September 30, 2014
<u>/s/ James Eagan</u> James Eagan	Director	September 30, 2014
<u>/s/ William A Ince</u> William A Ince	Director	September 30, 2014
<u>/s/ Richard Blumberg</u> Richard Blumberg	Independent Director	September 30, 2014

ALL DIRECTORS AND EXECUTIVE OFFICERS IDENTIFIED IN ITEM 9 NEED TO SIGN THE 10-K.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors
Integral Technologies, Inc.
Bellingham, WA

We have audited the accompanying consolidated balance sheet of Integral Technologies, Inc. as of June 30, 2014, and the related consolidated statements of operations, stockholders' deficit, and cash flows for the year then ended. These consolidated financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. The company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of its internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Integral Technologies, Inc. as of June 30, 2014 and the results of their operations and cash flows for the year then ended, in conformity with U.S. generally accepted accounting principles.

The accompanying consolidated financial statements have been prepared assuming that the company will continue as a going concern. As discussed in Note 3 to the consolidated financial statements, the company has suffered recurring losses from operations, needs additional working capital and has a stockholders' deficit. These factors raise substantial doubt about its ability to continue as a going concern. Managements plans in regard to these matters are also described in Note 3. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ Baker Tilly Virchow Krause, LLP

Minneapolis, Minnesota
September 30, 2014

Integral Technologies, Inc.
Consolidated Balance Sheets
As of June 30, 2014 and 2013

ASSETS	2014	2013
<u>Current assets:</u>		
Cash and cash equivalents	\$ 199,777	\$ 532,308
Accounts receivable	-	250,000
Prepaid expenses	23,831	20,232
Total current assets	223,608	802,540
Property and equipment, net	27,821	-
Total Assets	\$ 251,429	\$ 802,540
LIABILITIES AND STOCKHOLDERS' DEFICIT		
<u>Current liabilities:</u>		
Accounts payable and accruals	\$ 973,220	\$ 2,270,727
Notes payable	60,000	-
Deferred revenue	50,000	25,000
Convertible debentures	-	174,827
Derivative financial liabilities	-	414,102
Redeemable preferred stock	-	180,000
Total current liabilities	1,083,220	3,064,656
<u>Non-current liabilities:</u>		
Notes payable	229,500	-
Deferred revenue	420,833	225,000
Redeemable preferred stock	-	120,000
Total non-current liabilities	650,333	345,000
Total Liabilities	1,733,553	3,409,656
Commitments and contingencies		
<u>Stockholders' Deficit</u>		
Preferred stock and paid-in capital in excess of \$0.001 par value, 20,000,000 shares authorized, 0 (2013 - 237,950) issued and outstanding	-	237,950
Common stock and paid in capital in excess of \$0.001 par value, 150,000,000 shares authorized, 98,985,442 (2013 - 76,748,839) issued and outstanding	46,832,941	41,204,935
Promissory notes receivable from shareholders	-	(29,737)
Share subscriptions and obligations to issue shares	188,635	13,400
Accumulated other comprehensive income	46,267	46,267
Accumulated deficit	(48,549,967)	(44,079,931)
Total stockholders' deficit	(1,482,124)	(2,607,116)
Total Liabilities and Stockholders' Deficit	\$ 251,429	\$ 802,540

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

Integral Technologies, Inc.
Consolidated Statements of Operations
For the fiscal years ended June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
License revenue	\$ 29,167	\$ -
Expenses:		
Cost of revenues earned	-	-
Selling, general, and administrative expenses	3,460,272	3,482,115
Research and development	67,628	89,198
Termination agreement settlement	675,000	-
Total expenses	4,202,900	3,571,313
Other income	(199,205)	(272,457)
Other expense	150,076	320,537
Interest expense	401,904	130,397
Loss before income taxes	(4,526,508)	(3,749,790)
Provision for income taxes	-	-
Net Loss	<u>\$ (4,526,508)</u>	<u>\$ (3,749,790)</u>
Preferred stock dividends	(15,460)	(15,460)
Loss attributable to common shareholders	<u>\$ (4,541,968)</u>	<u>\$ (3,765,250)</u>
Net loss per share - basic	<u>\$ (0.05)</u>	<u>\$ (0.06)</u>
Weighted average number of common shares outstanding	<u>85,935,461</u>	<u>68,354,944</u>

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

Integral Technologies, Inc.
Consolidated Statements of Stockholders' Deficit
For the fiscal years ended June 30, 2014 and 2013

	Number of Shares of Common Stock Issued	Common Stock and Paid-in Capital in Excess of Par	Number of Shares of Preferred Stock Issued	Preferred Stock and Paid-in Capital in Excess of Par	Promissory Notes Receivable From Shareholders	Shares Subscriptions and Obligations to Issue Shares	Accumulated Other Comprehensive Income	Accumulated Deficit	Total Stockholders' Deficit
Balance June 30, 2012	62,368,653	\$37,655,315	308,538	\$ 308,538	\$ (29,737)	\$ 191,600	\$ 46,267	\$ (40,314,166)	\$ (2,142,183)
Shares issued for									
Services	2,247,500	974,125	-	-	-	-	-	-	974,125
Cash, net	11,202,304	2,191,360	-	-	-	(191,600)	-	-	1,999,760
Settlement of convertible debentures	930,382	252,456	-	-	-	-	-	-	252,456
Dividends on preferred stock	-	-	-	-	-	-	-	(15,460)	(15,460)
Redeemable preferred stock	-	-	-	(70,588)	-	-	-	(229,412)	(300,000)
Gain on extinguishment of debt	-	-	-	-	-	-	-	228,897	228,897
Subscriptions received	-	-	-	-	-	13,400	-	-	13,400
Stock-based compensation	-	131,679	-	-	-	-	-	-	131,679
Net loss for year	-	-	-	-	-	-	-	(3,749,790)	(3,749,790)
Balance June 30, 2013	76,748,839	41,204,935	308,538	237,950	(29,737)	13,400	46,267	(44,079,931)	(2,607,116)
Shares issued for									
Services	2,126,666	828,283	-	-	-	-	-	-	828,283
Cash:									
Warrants exercised	1,743,030	296,321	-	-	-	-	-	-	296,321
Private placements	8,171,250	1,399,375	-	-	-	(13,400)	-	-	1,385,975
Settlement of convertible debentures	3,379,734	1,122,933	-	-	-	-	-	-	1,122,933
Settlement of debt	6,433,772	1,809,031	-	-	-	-	-	-	1,809,031
Preferred shares converted	382,151	103,567	(103,567)	(103,567)				-	-
Share issues costs	-	(168,010)	-	-	-	-	-	-	(168,010)
Dividends on preferred stock	-	-	-	-	-	-	-	(15,460)	(15,460)
Redeemable preferred stock	-	-	(204,971)	(134,383)	-	-	-	71,932	(62,451)
Subscriptions received	-	-	-	-	-	158,625	-	-	158,625
Stock-based compensation	-	266,243	-	-	-	-	-	-	266,243
Promissory note written off	-	(29,737)	-	-	29,737	-	-	-	-
Obligation to issue shares	-	-	-	-	-	30,010	-	-	30,010
Net loss for year	-	-	-	-	-	-	-	(4,526,508)	(4,526,508)
Balance June 30, 2014	<u>98,985,442</u>	<u>\$46,832,941</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 188,635</u>	<u>\$ 46,267</u>	<u>\$ (48,549,967)</u>	<u>\$ (1,482,124)</u>

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

Integral Technologies, Inc.
Consolidated Statements of Cash Flows
For the fiscal years ended June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
<u>Cash flows from operating activities:</u>		
Net loss	\$ (4,526,508)	\$ (3,749,790)
Items not involving cash		
Depreciation	417	-
Stock issued for consulting services	828,283	974,125
Stock-based compensation	266,243	131,679
Interest on convertible debentures	360,060	112,328
Fair value loss on derivative financial liabilities	-	320,537
Net gain on settlement of convertible debentures	-	(26,189)
Loss on extinguishment of convertible debentures	150,076	-
Gain on extinguishment of accounts payable	(198,654)	(246,022)
Termination settlement agreement	675,000	-
Redemption of preferred stock	71,932	-
Changes in working capital	84,639	697,368
Net cash used in operating activities	<u>(2,288,512)</u>	<u>(1,785,964)</u>
<u>Cash flows from investing activities:</u>		
Purchase of property, equipment and intangible assets	(28,238)	-
Net cash used in investment activities	<u>(28,238)</u>	<u>-</u>
<u>Cash flows from financing activities:</u>		
Repayment of promissory notes	(105,000)	(123,696)
Proceeds from promissory notes	394,500	-
Proceeds from issuance of common stock	1,695,696	2,199,670
Share issue costs	(168,010)	(199,910)
Subscriptions received	158,625	13,400
Proceeds from convertible debentures	345,000	377,500
Repayment of convertible debentures	(321,132)	(120,865)
Preferred stock dividend	(15,460)	-
Net cash provided by financing activities	<u>1,984,219</u>	<u>2,146,099</u>
Increase (decrease) in cash and cash equivalents	(332,531)	360,135
Cash and cash equivalents, beginning of year	532,308	172,173
Cash and cash equivalents, end of year	<u>\$ 199,777</u>	<u>\$ 532,308</u>

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

Integral Technologies, Inc.
Notes to the Consolidated Financial Statements

NOTE 1 - NATURE OF OPERATIONS

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

The Company will be devoting all of its resources to the research, development and commercialization of its ElectriPlast technology.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

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

Principles of consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, Integral Vision Systems, Inc. (“IVSI”), Antek Wireless Inc. (“Antek”) and Electriplast Corp. (formerly Plastenna, Inc.) (“Electriplast”), and its 76.625%-owned subsidiary, Emergent Technologies Corp. (“ETC”), which is currently inactive. ETC’s noncontrolling interest balance is immaterial to the financial statements. All intercompany balances and transactions have been eliminated.

Basic and Diluted Net Loss Per Share

Basic net loss per common share is computed by dividing the net loss attributable to common stockholders by the weighted-average number of common shares outstanding during the period. Diluted net loss per common share is computed by dividing the net loss by the weighted-average number of common shares and dilutive common share equivalents outstanding during the period. Because the Company has reported a net loss for all periods presented, diluted net loss per common share is the same as basic net loss per common share for those periods. Our preferred stock are considered to be participating securities as they are entitled to participate in undistributed earnings with shares of common stock.

Stock issued in exchange for services

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

Revenue recognition

The Company has not generated significant revenue since inception. Although the Company has begun to receive some revenue from the sale of material for commercial applications, the Company is devoting substantially all its efforts to developing the business. Most revenues to date are recorded against research and development expenditures.

Integral Technologies, Inc.
Notes to the Consolidated Financial Statements

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

As discussed in Note 15, the Company signed a ten year license agreement with Hanwha L&C, of South Korea. For license agreements that the Company enters into, revenue is recognized when all four of the following criteria are met: (i) a contract is executed, (ii) the contract price is fixed and determinable, (iii) delivery of the service or products has occurred, and (iv) collectability of the contract amounts is reasonably assured.

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

Advertising

Advertising costs are charged to operations when incurred. Advertising expense was \$47,287 and \$12,969 for the years ended June 30, 2014 and 2013, respectively.

Foreign currency translation

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

Research and development

Research and development expenditures are charged to operations as incurred.

During the fiscal year ended June 30, 2014, the Company sold sample products totalling \$0 (fiscal year ended June 30, 2013 - \$30,458). This amount has been credited against research and development expenses.

Use of estimates

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

Financial instruments

The Company considers all highly liquid interest-earning investments with a maturity of three months or less at the date of purchase to be cash equivalents.

Integral Technologies, Inc.
Notes to the Consolidated Financial Statements

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Compound financial instruments

The Company has recorded as an embedded derivative liability for the potential payments that would be made to holders of the convertible notes upon conversion. The embedded derivative liability is initially recorded at fair value, with gains and losses arising from changes in fair value recognized in the consolidated statements of operations at each period end while such instruments are outstanding. The liability is being valued using a Black-Scholes Model and was terminated upon the conversion of the notes into common shares in the year ended June 30, 2014 (refer to Note 13).

Fair value measurements

Assets and liabilities recorded at fair value in the balance sheets are categorized based upon the level of judgement associated with the inputs used to measure their fair value. For certain of the Company's financial instruments including cash and cash equivalents and accounts payable, the carrying values approximate fair value due to their short-term nature.

ASC 820 *Fair Value Measurements and Disclosures* specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. In accordance with ASC 820, these inputs are summarized in the three broad levels listed below:

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

Cash and cash equivalents, as well as accounts payable and notes payable are deemed to be Level 1. The fair value measurement of the embedded derivative liability was classified as a Level 3 measurement as further discussed under Fair Value Measurements.

Income taxes

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

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

Integral Technologies, Inc.
Notes to the Consolidated Financial Statements

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Stock-based compensation

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

Property and Equipment

Property and equipment are recorded at cost and depreciated over the estimated useful lives using the straight-line method of depreciation.

Reclassifications:

For comparability certain 2013 amounts have been reclassified to conform to classifications adopted in 2014. These reclassifications did not have a material impact to the 2013 consolidated financial statements.

Recent Accounting Pronouncements

In May 2014, the FASB issued amended revenue recognition guidance to clarify the principles for recognizing revenue from contracts with customers. The guidance requires an entity to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The guidance also requires expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. Additionally, qualitative and quantitative disclosures are required about customer contracts, significant judgments and changes in judgments, and assets recognized from the costs to obtain or fulfill a contract. The requirements are effective for annual reporting periods beginning after December 15, 2016. Early adoption is not permitted. We are evaluating the impact of the amended revenue recognition guidance on our financial statements.

Other recent accounting pronouncements issued by the FASB (including its EITF), the AICPA, and the SEC did not or are not believed by management to have a material impact on the Company's financial statements.

NOTE 3 - GOING CONCERN

These consolidated financial statements have been prepared on a going concern basis, which assumes the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the ordinary course of business. The Company's operations have resulted in a net loss of \$4,526,508 for the fiscal year ended June 30, 2014 (year ended June 30, 2013 - \$3,749,790), and an accumulated deficit of \$48,549,967 and a working capital deficiency of \$859,612 as at June 30, 2014 (year ended June 30, 2013 - \$2,262,116). The Company has not yet commenced revenue-producing operations and has significant expenditure requirements to continue to advance research, developing and commercializing its conductive plastics technology, ElectriPlast. The Company estimates that, without further funding, it will deplete its cash resources within three months. These factors raise substantial doubt about the Company's ability to continue as a going concern.

Integral Technologies, Inc.
Notes to the Consolidated Financial Statements

NOTE 3 - GOING CONCERN, CONTINUED

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

NOTE 4 - PROPERTY AND EQUIPMENT

As of June 30, 2014 and 2013, property and equipment consisted of the following:

	June 30, 2014	June 30, 2013
Equipment	\$ 98,975	\$ 96,637
Furniture and fixtures	96,279	96,279
Leasehold improvements	29,567	3,667
	224,821	196,583
Less: accumulated depreciation	(197,000)	(196,583)
Property and equipment, net	\$ 27,821	\$ -

Depreciation expense for the fiscal years ended June 30, 2014 and 2013 was \$417 and \$0, respectively.

NOTE 5 - STOCKHOLDERS' DEFICIT
Common stock

During the year ended June 30, 2013, the Company completed nine private placements.

- (i) The first private placement amounted to \$186,600, for the issuance of 533,140 units consisting of common stock at \$0.35 per share and warrants at \$0.001 per warrant to purchase 799,708 shares of common stock on or before August 31, 2014 at an exercise price of \$0.70 per share.
- (ii) The second private placement amounted to \$422,297, for the issuance of 1,398,333 units consisting of common stock at \$0.30 per share and warrants at \$0.001 per warrant to purchase 2,796,666 shares of common stock on or before August 31, 2014 at an exercise price of \$0.60 per share.
- (iii) The third private placement amounted to \$143,769, for the issuance of 363,296 units consisting of common stock at \$0.30 per share and 100,000 units consisting of common stock at \$0.35 and warrants at \$0.001 per warrant to purchase 926,604 shares of common stock on or before September 30, 2014 at an exercise price of \$0.50 per share.
- (iv) The fourth private placement amounted to \$5,000, for the issuance of 14,285 units consisting of common stock at \$0.35 per share and warrants at \$0.001 per warrant to purchase 21,421 shares of common stock on or before February 28, 2014 at an exercise price of \$0.70 per share.

Integral Technologies, Inc.
Notes to the Consolidated Financial Statements

NOTE 5 - STOCKHOLDERS' DEFICIT, CONTINUED

- (v) The fifth private placement amounted to \$414,954, for the issuance of 2,075,000 units consisting of common stock at \$0.20 per share and warrants at \$0.001 per warrant to purchase 4,150,000 shares of common stock on or before January 31, 2015 at an exercise price of \$0.50 per share.
- (vi) The sixth private placement amounted to \$598,650, for the issuance of 2,368,250 units consisting of common stock at \$0.20 per share and 1,250,000 units consisting of common stock at \$0.10 and warrants at \$0.001 per warrant to purchase 4,736,500 shares of common stock on or before February 28, 2015 at an exercise price of \$0.50 per share.
- (vii) The seventh private placement amounted to \$20,000, for the issuance of 100,000 units consisting of common stock at \$0.20 per share and warrants at \$0.001 per warrant to purchase 200,000 shares of common stock on or before February 28, 2015 at an exercise price of \$0.50 per share.
- (viii) The eighth private placement amounted to \$115,000, for the issuance of 575,000 units consisting of common stock at \$0.20 per share and warrants at \$0.001 per warrant to purchase 1,150,000 shares of common stock on or before May 25, 2015 at an exercise price of \$0.50 per share.
- (ix) The ninth private placement amounted to \$485,000, for the issuance of 2,425,000 units consisting of common stock at \$0.20 per share and warrants at \$0.001 per warrant to purchase 4,850,000 shares of common stock on or before May 25, 2015 at an exercise price of \$0.50 per share.

Share issue costs to complete the private placements totaled \$199,910.

The Company determined that the warrants did not contain any provisions that would preclude equity treatment.

The holder of a convertible debenture converted \$139,000 of principal to 930,382 shares of the Company's common stock resulting in \$252,456, representing the present value of convertible debenture and the fair value of derivative liability recorded, allocated to equity, see note 13.

The Company issued 2,247,500 shares of common stock as consideration for consulting services. These shares have been recorded at a value of \$974,125 representing the fair value of the shares on the date of issuance.

During the fiscal year ended June 30, 2014, the Company completed four private placements:

- (i) The first private placement amounting to \$13,400 for the issuance of 44,000 units consisting of common stock and warrants. 20,000 units were issued at \$0.25 per unit and 24,000 units were issued at \$0.35 per unit. Warrants were issued at \$0.001 per warrant to purchase 88,000 shares of common stock on or before July 31, 2015 at an exercise price of \$0.50 per share; and
- (ii) The second private placement amounting to \$28,951 for the issuance of 144,757 units consisting of common stock at \$0.20 per share and warrants at \$0.001 per warrant to purchase 144,757 shares of common stock on or before September 13, 2015 at an exercise price of \$0.60 per share; and

Integral Technologies, Inc.
Notes to the Consolidated Financial Statements

NOTE 5 - STOCKHOLDERS' DEFICIT, CONTINUED

- (iii) The third private placement amounting to \$1,147,024 was received for subscriptions of 6,744,257 units consisting of common stock at \$0.17 per share and warrants at \$0.001 per warrant to purchase 6,744,251 shares of common stock on or before eighteen months after the closing date at an exercise price of \$0.30 per share. Share issue costs of \$88,610 have been accrued for; and
- (iv) The fourth private placement amounting to \$210,000 for the issuance of 1,238,236 units consisting of common stock and warrants. 1,238,236 units were issued at \$0.17 per unit. Warrants were issued at \$0.001 per warrant to purchase 1,238,236 shares of common stock on or before December 1, 2015 at an exercise price of \$0.30 per share.

The Company determined that the warrants did not contain any provisions that would preclude equity treatment.

Share issue costs to complete private placements totaled \$168,010.

During the fiscal year ended June 30, 2014, the Company issued shares of common stock pursuant to consulting agreements as follows:

- (i) 550,000 shares measured at a fair value of \$0.50 per share
- (ii) 250,000 shares measured at a fair value of \$0.36 per share
- (iii) 100,000 shares measured at a fair value of \$0.30 per share
- (iv) 500,000 shares measured at a fair value of \$0.29 per share
- (v) 185,000 shares measured at a fair value of \$0.27 per share

During the fiscal year ended June 30, 2014, the Company issued 541,666 shares of common stock for options vesting prior to the termination agreement (note 16(c)). The shares issued were measured at a fair value of \$0.44 per share and recorded as shares issued for services in the statement of stockholders' deficit.

During the fiscal year ended June 30, 2014, the Company issued 3,379,734 shares of common stock in settlement of convertible debentures. The value of this stock was \$1,122,933 (\$0.33 per share) measured at fair market value on the date the shares were issued.

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 in cash or shares of common stock 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 share may be redeemed by the Company for \$1.50 within one year after the date of issue and for \$2.00, \$2.50, \$3.00, \$3.50 and \$4.00 in each of the subsequent five years after the date of issue, with the redemption price increasing by \$0.50 each year thereafter. The Company may, at its discretion, redeem the shares at a price higher than stipulated herein.

Integral Technologies, Inc.
Notes to the Consolidated Financial Statements

NOTE 5 - STOCKHOLDERS' DEFICIT, CONTINUED

On November 8, 2012, a director of the Company resigned from his position as director and CEO of the Company. The Company agreed to redeem 70,588 shares of preferred stock held by the director at \$4.25 per share for a total of \$300,000 (note 16(a)). As at June 30, 2013, no payments had been made.

On May 1, 2014, the Company entered into an amended agreement whereby the above mentioned liability, remaining preferred stock and stock options were exchanged for 750,000 shares of common stock valued at the share price of \$0.26 per share in settlement of the remaining debt (Note 16(a)). On June 13, 2014 the remaining 103,567 preferred shares were converted into 382,151 shares of common stock. As of June 30, 2014 there are no outstanding preferred shares of stock.

Stock-based compensation

During the fiscal year ended June 30, 2014, the Company recorded stock-based compensation expense with respect to vested stock options and warrants and modified stock options of \$266,243 (2013- \$131,679) included in selling, general, and administrative expenses.

Stock-based compensation not yet recognized at June 30, 2014 relating to non-vested stock options and warrants was \$23,852 and \$0 (June 30, 2013 - \$23,633), which will be recognized over a period of 2 years (2013 - 0.59 and 0.27 years), respectively.

Stock options and restricted shares

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 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 during December 2001 to increase the number of common stock options that may be granted from 2,500,000 to 3,500,000 stock options. As of June 30, 2014, there were 764,500 (2013 - 764,500) common stock options available under this plan.

In April 2003, the Company adopted the Integral Technologies, Inc. 2003 Stock Plan (the "2003 Plan"), and a non-qualified stock option plan under which the Company may issue up to 1,500,000 stock options. As of June 30, 2014, there were 1,375,000 (2013 - 1,375,000) common stock options available under this plan.

During the fiscal year ended June 30, 2010, the Company adopted the Integral Technologies, Inc. 2009 Stock Plan (the "2009 Plan"), and a non-qualified stock option plan under which the Company may issue up to 4,000,000 common stock options. As of June 30, 2014, there were 500,000 (2013 - 1,275,000 over issued) common stock options available under this plan.

During the fiscal year ended June 30, 2014, the Company entered into an agreement with an employee whereby the employee was granted 150,000 stock options at an exercise price equal to the fair market value on the date the options were granted of \$0.25 per share. The option will be fully vested over a period of 3 years from the date of the employment, with 1/3 of the options vesting each anniversary date. The options have a term of five year.

During the fiscal year ended June 30, 2014, the Company entered into an agreement with an employee whereby 750,000 stock options were granted at an exercise price equal to the fair market value on the date the options were granted of \$0.31 per share. 500,000 of the stock options remain unvested until certain milestones within the agreement are reached. All the options have a term of 3 years.

Integral Technologies, Inc.
Notes to the Consolidated Financial Statements

NOTE 5 - STOCKHOLDERS' DEFICIT, CONTINUED

Key assumptions

The fair value of the Company's stock options was estimated on the measurement date using the Black-Scholes option pricing model with the following weighted average assumptions:

	2014	2013
Expected life (years)	3.29	3.17
Interest rate	1.17%	1.09%
Volatility	104.25%	78.50%
Dividend yield	0.00%	0.00%
Estimated forfeitures	0.00%	0.00%

Expected life: The Company's expected term represents the period that the Company's stock-based awards are expected to be outstanding and was determined based on historical experience and vesting schedules of similar awards.

Risk-free interest rate: The Company bases the risk-free interest rate used in the Black-Scholes valuation method on the implied yield currently available on US Treasury zero-coupon issues with an equivalent remaining term.

Expected volatility: The Company's expected volatility represents the weighted average historical volatility of the Company's common stock for a period equal to the expected life of the options.

Expected dividend yield: The Black-Scholes valuation model calls for a single expected dividend yield as an input. The dividend yield is determined by dividing the expected per stock dividend for its common stock during the coming year by the grant date stock price of those stock. The expected dividend assumption is based on the Company's current expectations about its anticipated dividend policy.

Estimated forfeitures: Represents the Company's historical forfeitures and considers termination behavior as well as analysis of actual option forfeitures.

Stock option activity

The following summarizes information about the Company's options outstanding:

	Number of Options	Price Per Option	Weighted Average Exercise Price
Outstanding, June 30, 2013	5,900,000	\$ 0.25 to \$ 1.00	\$ 0.43
Granted	1,100,000	\$ 0.25 to \$ 0.50	\$ 0.34
Cancelled	(1,000,000)	\$ 0.50	\$ 0.50
Forfeited	(100,000)	\$ 0.50	\$ 0.50
Outstanding, June 30, 2014	<u>5,900,000</u>	<u>\$ 0.25 to \$ 1.00</u>	<u>\$ 0.40</u>
Exercisable, June 30, 2014	<u>5,250,000</u>	<u>\$ 0.25 to \$ 1.00</u>	<u>\$ 0.42</u>

Integral Technologies, Inc.
Notes to the Consolidated Financial Statements

NOTE 5 - STOCKHOLDERS' DEFICIT, CONTINUED

A summary of the status of non-vested options as of June 30, 2014 is as follows;

	Number of Options	Weighted Average Grant Date Fair Value
Non-vested at June 30, 2013	450,000	\$ 0.66
Options granted	1,100,000	0.34
Options forfeited	(100,000)	0.50
Options vested	(800,000)	0.53
Non-vested at June 30, 2014	<u>650,000</u>	<u>\$ 0.30</u>

The weighted-average fair value of options granted during the fiscal year ended June 30, 2014 was \$0.34 and there were no options granted in the fiscal year ended June 30, 2013.

The following summarizes the options outstanding and exercisable:

Expiry Date	Exercise Price	Number of Options	
		June 30, 2014	June 30, 2013
March 9, 2014	\$ 0.25	125,000	125,000
June 1, 2014	\$ 0.85	100,000	100,000
July 31, 2014	\$ 1.00	415,000	415,000
October 15, 2014	\$ 0.50	100,000	100,000
November 15, 2014 ⁽¹⁾	\$ 1.00	100,000	100,000
December 1, 2014	\$ 0.50	75,000	75,000
December 1, 2014	\$ 0.85	100,000	100,000
December 31, 2014 ⁽²⁾	\$ 1.00	110,000	110,000
December 31, 2014 ⁽³⁾	\$ 0.25	1,000,000	1,500,000
April 15, 2015	\$ 0.50	100,000	100,000
June 1, 2015	\$ 0.50	75,000	75,000
June 1, 2015	\$ 0.85	100,000	100,000
October 15, 2015	\$ 0.50	-	100,000
December 1, 2015	\$ 0.50	75,000	75,000
December 1, 2015	\$ 0.85	100,000	100,000
April 15, 2016	\$ 0.50	-	100,000
June 1, 2016	\$ 0.50	75,000	75,000
June 1, 2016	\$ 0.85	100,000	100,000
June 30, 2016	\$ 0.25	2,000,000	2,000,000
October 15, 2016	\$ 0.50	-	100,000
December 1, 2016	\$ 0.50	75,000	75,000
December 1, 2016	\$ 0.85	100,000	100,000
February 19, 2017	\$ 0.31	750,000	-
April 15, 2017	\$ 0.50	-	100,000
June 1, 2017	\$ 0.50	75,000	75,000
January 13, 2019	\$ 0.25	50,000	-
January 13, 2020	\$ 0.25	50,000	-
January 13, 2021	\$ 0.25	50,000	-
Total outstanding		<u>5,900,000</u>	<u>5,900,000</u>
Total exercisable		<u>5,250,000</u>	<u>5,450,000</u>

Integral Technologies, Inc.
Notes to the Consolidated Financial Statements

NOTE 5 - STOCKHOLDERS' DEFICIT, CONTINUED

- (1) During the fiscal year ended June 30, 2014, the expiry date of 100,000 options was extended from November 15, 2013 to November 15, 2014.
- (2) During the fiscal year ended June 30, 2014, the expiry date of 110,000 options was extended from March 31, 2014 to December 31, 2014.
- (3) During the fiscal year ended June 30, 2014, the expiry date of 500,000 options was extended from March 31, 2014 to December 31, 2014.

The weighted average remaining contractual lives for options outstanding and exercisable at June 30, 2014 are 1.55 and 1.30 years (June 30, 2013 - 1.26 and 0.92 years), respectively.

The aggregate intrinsic value of options outstanding and exercisable as at June 30, 2014 was \$163,750 and \$156,250 (2013 - \$1,186,750 and \$1,165,750), respectively. The aggregate intrinsic values exclude options having a negative aggregate intrinsic value due to awards with exercise prices greater than market value. The intrinsic value is the difference between the market value of the shares and the exercise price of the award.

During the year ended June 30, 2014, the Company granted restricted shares. The holder of a restricted share award is generally entitled at all times on and after the date of issuance of the restricted shares to exercise the rights of a shareholder of the Company, including the right to vote the shares and the right to receive dividends on the shares. These shareholders do not have the ability to sell, transfer or otherwise encumber the restricted shares awards until they fully vest. The restricted shares granted vest over three or four-year period and the grant date fair value of the awards is recognized as expense over the vesting period. Total compensation expense recognized was \$111,167 for the year ended June 30, 2014 which is included in stock-based compensation above.

Restricted share activity is summarized as follows:

	Shares	Weighted Average Grant Date Fair Value per Share
Outstanding as of June 30, 2013	-	-
Granted	1,950,000	\$ 0.34
Cancelled	-	-
Forfeited	-	-
Outstanding as of June 30, 2014	<u>1,950,000</u>	<u>\$ 0.34</u>

As of June 30, 2014, there was \$555,833 of total unrecognized compensation costs related to the outstanding restricted shares, which is expected to be recognized over a weighted average period of 3.09 years.

A summary of the status of non-vested restricted shares as of June 30, 2014 is as follows:

	Number of Restricted Stock Awards	Weighted Average Grant Date Fair Value
Non-vested at June 30, 2013	-	\$ -
Awards granted	1,950,000	0.34
Awards forfeited	-	-
Awards vested	(537,500)	0.34
Non-vested at June 30, 2014	<u>1,412,500</u>	<u>\$ 0.34</u>

Integral Technologies, Inc.
Notes to the Consolidated Financial Statements

NOTE 5 - STOCKHOLDERS' DEFICIT, CONTINUED

Stock purchase warrants

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

	Number of Warrants	Price Per Share	Weighted Average Exercise Price
Balance, June 30, 2013	34,966,559		\$ 0.58
Issued	8,215,244	\$0.30 - \$0.60	\$ 0.31
Expired	(4,848,216)	\$0.70 - \$1.00	\$ 0.72
Exercised ⁽¹⁾	(1,743,030)	\$ 0.17	\$ 0.17
Balance, June 30, 2014	<u>36,590,557</u>	<u>\$0.30 - \$1.00</u>	<u>\$ 0.46</u>

⁽¹⁾ During the fiscal year ended June 30, 2014, 1,076,363 investor warrants exercisable at \$0.50 and 666,667 investor warrants exercisable at \$0.60 were re-priced to \$0.17 and were exercised.

Expiry Date	Exercise Price	Number of Warrants June 30, 2014	June 30, 2013
December 31, 2013 ⁽¹⁾	\$ 0.50	-	3,710,000
December 31, 2013 ⁽²⁾	\$ 0.70	-	3,963,152
December 31, 2013 ⁽³⁾	\$ 1.00	-	1,558,929
December 29, 2013 ⁽⁴⁾	\$ 0.70	-	311,428
January 3, 2014 ⁽⁵⁾	\$ 0.70	-	856,692
January 31, 2014 ⁽⁶⁾	\$ 0.70	-	2,360,459
February 14, 2014 ⁽⁷⁾	\$ 0.70	-	300,000
February 28, 2014	\$ 0.70	-	21,421
March 31, 2014 ⁽⁸⁾	\$ 0.57	-	1,675,000
May 31, 2014 ^{(1), (3)}	\$ 0.50	-	-
July 17, 2014	\$ 0.31	300,000	300,000
August 31, 2014	\$ 0.60	2,129,999	2,796,666
August 31, 2014 ⁽²⁾	\$ 0.70	799,709	799,708
September 30, 2014 ^{(1), (2)}	\$ 0.50	3,808,604	926,604
November 30, 2014 ⁽⁴⁾	\$ 0.50	100,000	-
January 31, 2015	\$ 0.50	4,150,000	4,150,000
February 28, 2015 ⁽²⁾	\$ 0.50	5,049,356	4,936,500
February 28, 2015 ^{(2), (3)}	\$ 0.30	249,382	-
May 25, 2015 ^{(1), (2), (5), (6), (8)}	\$ 0.50	10,952,548	6,000,000
July 31, 2015	\$ 0.50	88,000	-
September 13, 2015 ^{(2), (4)}	\$ 0.30	235,715	-
September 13, 2015	\$ 0.60	144,757	-
October 1, 2015 ⁽⁷⁾	\$ 0.30	7,044,251	-
December 1, 2015	\$ 0.30	1,238,236	-
November 29, 2016	\$ 0.70	300,000	300,000
Total outstanding		<u>36,590,557</u>	<u>34,966,559</u>
Total exercisable		<u>36,590,557</u>	<u>34,891,559</u>

Integral Technologies, Inc.
Notes to the Consolidated Financial Statements

NOTE 5 - STOCKHOLDERS' DEFICIT, CONTINUED

- (1) During the fiscal year ended June 30, 2014, the expiry date of 2,682,000 warrants was extended to September 30, 2014, and the expiry date of 1,028,000 warrants was extended to May 25, 2015.
- (2) During the fiscal year ended June 30, 2014, the expiry date of 71,429 warrants was extended to September 13, 2015 and re-priced to \$0.30, and the expiry date of 200,000 warrants was extended to September 30, 2014, and the expiry date of 96,213 warrants was extended to February 28, 2015 and re-priced at \$0.30, and the expiry date of 112,857 warrants was extended to February 28, 2015 and re-priced at \$0.50.
- (3) During the fiscal year ended June 30, 2014, the expiry date of 1,076,363 warrants was extended to May 31, 2014 and re-priced to \$0.17 and 153,169 warrants extended to February 28, 2015 and re-priced to \$0.30.
- (4) During the fiscal year ended June 30, 2014, the expiry date of 100,000 warrants was extended to November 30, 2014 and re-priced at \$0.50, and 14,286 warrants extended to September 13, 2015 and re-priced to \$0.30.
- (5) During the fiscal year ended June 30, 2014, the expiry date of 856,692 warrants was extended to May 25, 2015 and re-priced to \$0.50.
- (6) During the fiscal year ended June 30, 2014, the expiry date of 1,392,856 warrants was extended to May 25, 2015 and re-priced to \$0.50, and 150,000 warrants extended to September 13, 2015 and re-priced to \$0.30.
- (7) During the fiscal year ended June 30, 2014, the expiry date of 300,000 warrants was extended to October 1, 2015 and re-priced to \$0.30.
- (8) During the fiscal year ended June 30, 2014, the expiry date of 1,675,000 warrants was extended to May 25, 2015 and re-priced to \$0.50

The following promissory notes receivable were written off:

- (i) \$17,500 due on exercise of 210,000 stock options, interest at 10% per annum, due November 1, 2002, subsequently extended to June 30, 2003; and
- (ii) \$12,237 due on exercise of 23,000 stock options, interest at 10% per annum, due June 30, 2003.

During the fiscal year ended June 30, 2014, the promissory notes were reversed through equity.

Share obligations

Pursuant to a consulting agreement dated August 19, 2013, the Company is obligated to pay \$5,000 to \$10,000 per month based on the number of hours worked and to issue 6,000 shares of common stock per month beginning September 1, 2013.

As at June 30, 2014 no shares have been issued. As such, a total of 42,000 shares of common stock are issuable. The obligation to issue shares of common stock was measured at a weighted average fair value of \$0.35 per share on the date each series of shares became issuable. A total of \$14,760 was recorded as an obligation to issue shares within equity and as consulting expense in the consolidated statements of operations.

Pursuant to loan agreements dated December 19, 2013 and December 24, 2013, the Company was obligated to issue 50,000 shares. The obligation to issue shares of common stock was measured at a weighted average fair value of \$0.30 per share on the date each series of shares became issuable. A total of \$15,250 was recorded as an obligation to issue shares within equity.

Integral Technologies, Inc.
Notes to the Consolidated Financial Statements

NOTE 6 -RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

Fair value

The promissory note balance approximates fair value given that it was only recently entered into.

Credit risk

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

Concentration of credit risk exists with respect to the Company's cash, as certain amounts are held at US and Canadian financial institutions. The Company's cash and equivalents are as follows at June 30, 2014 and 2013:

	June 30, 2014	June 30, 2013
Cash (US institution)	\$ 193,782	\$ 532,004
Cash (CDN institution)	5,995	304
	<u>\$ 199,777</u>	<u>\$ 532,308</u>

Amounts not covered by FDIC insurance are, \$0 and \$282,004 for the fiscal years ended June 30, 2014 and 2013, respectively. Management believes this risk is minimal

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.

Currency risk

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

Liquidity risk

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

The Company requires significant additional funding to meet its administrative overhead costs and maintain its research and development program in fiscal year 2015.

Financing transactions may include the issuance of equity securities, obtaining additional credit facilities, licensing proprietary technology or other financing mechanisms. However, the trading price of the Company's common stock and the recent year's slowdown in the United States economy has made it more difficult to obtain equity financing.

Integral Technologies, Inc.
Notes to the Consolidated Financial Statements

NOTE 7 - INCOME TAXES

The provision for income taxes consists of the following for the fiscal years ended June 30:

	2014	2013
Current expense	\$ -	\$ -
Deferred benefit	(1,459,000)	(1,280,000)
Increase (decrease) in valuation allowance	1,459,000	1,280,000
Total provision for income tax	<u>\$ -</u>	<u>\$ -</u>

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

Provision for income tax at statutory rate of 34%	\$ (1,539,000)	\$ (1,275,000)
Increase (decrease) in taxes due to:		
Change in valuation allowance	1,459,000	1,280,000
Disallowed expense	9,000	112,000
Federal tax return true ups	71,000	(117,000)
Total provision for income tax	<u>\$ -</u>	<u>\$ -</u>

The Company has used a federal statutory rate of 34%. The Company has no material state tax liabilities, so no provision for state income tax is required.

Deferred tax assets and liabilities reflect the tax effects of the temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. The Company has net deferred income tax assets, which have been reduced to zero through a valuation allowance because of uncertainties relating to utilization of future tax benefits. The increase (decrease) in the valuation allowance for the years ended June 30, 2014, and 2013 are \$1,459,000, and \$1,280,000, respectively. The components of the net deferred income tax assets, calculated at an effective rate of 34%, are as follows at June 30:

Integral Technologies, Inc.
Notes to the Consolidated Financial Statements

NOTE 7 - INCOME TAXES, CONTINUED

Deferred income tax assets:

Current deferred tax assets:

Accrued liabilities	\$ -	\$ -
Valuation allowance	-	-
Total current deferred tax assets	-	-

Non-current deferred tax assets:

Net operating loss carry-forwards	12,367,000	10,774,000
Non-qualified stock options	1,056,000	1,083,000
Unrealized loss on stock compensation	-	37,000
Legal dispute reserve	-	61,000
Basis difference of fixed assets	-	1,000
Valuation allowance	(13,415,000)	(11,956,000)
Total non-current deferred assets	8,000	-

Non-current deferred tax liabilities

Basis difference of fixed assets	8,000	-
Net deferred tax asset	\$ -	\$ -

Integral Technologies, Inc.
Notes to the Consolidated Financial Statements

NOTE 7 - INCOME TAXES, CONTINUED

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

In July 2006, the FASB released ASC 740-10 *Accounting for Uncertainty in Income Taxes*. ASC 740-10 prescribes the minimum recognition threshold a tax position is required to meet before being recognized in the financial statements. ASC 740-10 also requires additional disclosure of the beginning and ending unrecognized tax benefits and details regarding the uncertainties that may cause the unrecognized benefits to increase or decrease within a twelve month period.

The Company adopted the provisions of ASC 740-10 on July 1, 2007. There was no impact on the Company's consolidated financial position and cash flows as a result of adoption. The Company has an unrecognized tax benefit of \$336,000 as of June 30, 2014, including no accrued amounts for interest and penalties. In addition, the Company has not completed an analysis under IRC section 382 to determine if there have been any direct and/or indirect ownership changes that would limit the use of net operating loss in future years.

The Company's policy will be to recognize interest and penalties related to income taxes as a component of income tax expense. The Company is subject to income tax examinations for US income taxes from the year ended June 30, 1996 forward. We do not anticipate that total unrecognized tax benefits will significantly change prior to June 30, 2015.

NOTE 8 - SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	June 30, 2014	June 30, 2013
Changes in working capital		
Prepaid expenses	\$ (3,599)	\$ (509)
Accounts payable and accruals	(382,595)	697,877
Notes and accounts receivable	250,000	-
Deferred revenue and other	220,833	-
	<u>\$ 84,639</u>	<u>\$ 697,368</u>
Shares issued for:		
Redemption of preferred shares	\$ 103,567	\$ -
Settlement of debt	1,809,031	-
Settlement of convertible debenture	1,122,933	252,456
Services (provided by officers and directors)	-	122,500
Services and financing fees	828,283	851,625
Supplemental cash flow information:		
Interest paid	\$ 401,904	\$ -
Accrual of liability for mandatory redeemable preferred shares	-	300,000
Accrual of dividends	15,460	15,460

Integral Technologies, Inc.
Notes to the Consolidated Financial Statements

NOTE 9 - LOSS PER SHARE

	Loss	Weighted Average Number of Shares	Basic and Diluted Loss Per Share
	(Numerator)	(Denominator)	
Fiscal year ended June 30, 2013			
Net loss for year	\$ (3,749,790)		
Preferred stock dividends	(15,460)		
Loss attributable to common shareholders	<u>\$ (3,765,250)</u>	<u>68,354,944</u>	<u>\$ (0.06)</u>
Fiscal year ended June 30, 2014			
Net loss for year	\$ (4,526,508)		
Preferred stock dividends	(15,460)		
Loss attributable to common shareholders	<u>\$ (4,541,968)</u>	<u>85,935,461</u>	<u>\$ (0.05)</u>

Common share equivalents consisting of convertible preferred stock, convertible debentures, stock options and warrants are not considered in the computation of diluted loss per share because their effect would be anti-dilutive.

NOTE 10 - RELATED PARTY TRANSACTIONS

During the fiscal year ended June 30, 2014 the Company was involved in loan and extinguishment of debt transactions with various directors of the Company. These transactions are summarized in Notes 14(c), 16(a), 16(e), and 16(i). Also, as of June 30, 2014 \$330,474 (2013 - \$583,812) was included in accounts payable and accruals owed to the Company's executives for outstanding managements fees, consulting fees and business related reimbursements, and are without interest or stated terms of repayment.

NOTE 11 - SEGMENT INFORMATION

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

NOTE 12 - CONVERTIBLE DEBENTURES

As at June 30, 2014, the Company terminated convertible debenture purchase agreements with Asher Enterprises Inc. and MJJ Financial as follows:

- (a) Asher Enterprises Inc.

During the year ended June 30, 2012, the Company entered into a convertible debenture purchase agreement with Asher Enterprises Inc. The agreement has since resulted in eleven separate tranches being issued. Each tranche is due approximately nine months after their respective issuance. At June 30, 2014, there are no tranches outstanding. The eleven debentures are summarized as follows:

Integral Technologies, Inc.
Notes to the Consolidated Financial Statements

- (i) August 9, 2011 received \$53,000 (settled);
- (ii) September 15, 2011 received \$50,000 (settled);
- (iii) October 15, 2011 received \$35,500 (settled);
- (iv) April 18, 2012 received \$53,500 (settled);
- (v) May 23, 2012 received \$78,500 (settled);
- (vi) July 5, 2012 received \$30,000, net of \$2,500 in legal fees (settled);
- (vii) November 20, 2012 received \$50,000, net of \$3,000 in legal fees (settled);
- (viii) January 4, 2013 received \$25,000, net of \$2,500 in legal fees (settled);
- (ix) January 31, 2013 received \$37,500 (settled);
- (x) April 5, 2013 received \$50,000, net of \$3,000 in legal fees (settled); and
- (xi) June 12, 2013 received \$35,000, net of \$2,500 in legal fees (settled).

The convertible debentures pay interest of 8% per annum and can be converted into common stock at the option of the holder at any time after 180 days following the date of issuance. Each debenture has a conversion price equal to 58% of the market price. Market price is defined as the average of the lowest three trading prices for the Company's common stock during the ten day trading period ending one trading day prior to the date of conversion notice with a limitation of 4.99% of the issued and outstanding common stock at the time of conversion.

The convertible debenture may be repaid by the Company as follows:

Integral Technologies, Inc.
Notes to the Consolidated Financial Statements

NOTE 12 - CONVERTIBLE DEBENTURES, CONTINUED

- Outstanding principal multiplied by 135% together with accrued interest and unpaid interest thereon if prepaid within a period of 90 days beginning on the date of issuance of the note;
- Outstanding principal multiplied by 145% together with accrued interest and unpaid interest thereon if prepaid at any time during the period beginning 91 days from the date of issuance of the note and ending on the date that is 150 days following the date of the note; and
- Outstanding principal multiplied by 150% together with accrued interest and unpaid interest thereon if prepaid at any time during the period beginning 151 days from the date of issuance of the note and ending on the date that is 180 days following the date of the note.

After the expiration of the 180 days following the date of issuance of the derivative, the Company will have no right of prepayment.

The liability component of the convertible debenture was measured at the present value with the embedded conversion feature being treated as a derivative liability with fair value measured at each reporting date.

(b) **JMJ Financial**

During the year ended June 30, 2013, the Company entered into a convertible debenture purchase agreement with MJM Financial (the "lender"). The total amount that may be borrowed is \$500,000, which includes an upfront fee of 10%.

On signing the agreement, the first advance of \$100,000 was received by the Company from the lender. At the sole discretion of the lender, an additional \$150,000 may be advanced to the Company with the remaining consideration advanced to the Company only by mutual agreement. Each advance received by the Company is due one year from delivery of payment. As at June 30, 2013, the following amounts are payable (advance received plus 10%):

- February 27, 2013 received \$100,000, net of an upfront fee of \$11,111; and
- June 2, 2013 received \$50,000, net of an upfront fee of \$5,555.

No interest will be applied to the principal balance for the first 90 days after cash advance. After the first 90 days, an interest charge of 12% will be immediately applied to the principal and the 10% upfront fee.

On delivery of consideration, the lender may convert all or part of the unpaid principal and upfront fee into common stock at its sole discretion. All balances outstanding have a variable conversion price equal to the lesser of \$0.35 or 60% of the market price. The market price is defined as the lowest trade price in the 25 days prior to the conversion date. The lender is limited to holding no more than 4.99% of the issued and outstanding common stock at the time of conversion.

After the expiration of 90 days following the delivery date of any consideration, the Company will have no right of prepayment.

The liability component of the convertible debenture was measured at the present value with the embedded conversion feature being treated as a derivative liability with fair value measured at each reporting date.

The Company entered into \$345,000 (2013 - \$377,498) of new tranches during the year ended June 30, 2014. \$323,405 (2013 - \$210,576) of the advances were allocated to the derivative liability at fair value on day of advance. Interest of \$360,060 (2013 - \$112,330) accrued on the tranches during the year ended June 30, 2014.

Integral Technologies, Inc.
Notes to the Consolidated Financial Statements

NOTE 12 - CONVERTIBLE DEBENTURES, CONTINUED

During the year ended June 30, 2014, \$660,466 (2013 - \$139,000) of convertible debentures were extinguished including accrued interest and any prepayment penalty by issuing 3,379,734 (2013 - 930,382) shares of common stock of the Company, and \$1,122,933 (2013 - \$252,456) representing the fair value of the derivative liabilities and the amortized cost of convertible debentures settled was included as additional paid-in capital. During the year ended June 30, 2014, \$171,648 (2013 - \$78,500) of convertible debentures were settled by paying \$321,132 (2013 - \$120,865) for principal, accrued interest, and any prepayment penalty. The extinguishment resulted in a net loss of \$150,076 recorded in other expenses in the consolidated statements of operations for the year ended June 30, 2014.

At June 30, 2014, 0 (2013 - 1,275,271) shares of common stock of the Company would be required to settle the remaining convertible debentures.

The fair values of the derivative financial liabilities are calculated using the Black-Scholes valuation method at the consolidated balance sheet dates.

The following weighted average assumptions were used in determining the fair values of the derivative financial liabilities outstanding at inception:

	2014	2013
Expected life (years)	0.87	0.87
Interest rate	1.10 %	1.08 %
Volatility	80.46 %	73.62 %
Dividend yield	N/A	N/A
Estimated forfeitures	N/A	N/A

The following weighted average assumptions were used in determining the fair values of the derivative financial liabilities as of June 30, 2013:

	2013
Expected life (years)	0.62
Interest rate	0.94 %
Volatility	70.20 %
Dividend yield	N/A
Estimated forfeitures	N/A

NOTE 13 - PROMISSORY NOTES PAYABLE

During the fiscal year ended June 30, 2013, the Company entered into the following promissory note payable agreements:

- (a) On December 31, 2011, the Company entered into a promissory note agreement with Jasper Rubber Products, Inc. for \$235,129, which bears interest at 18% annually. Any unpaid principal and unpaid accrued interest is due December 30, 2012, the maturity date. Any payments made during the year shall be first applied to unpaid accrued interest, then to the reduction of principal and finally to any other accounts payable balances owing at the time of payment.

During the year ended June 30, 2013, \$132,485 was repaid by the Company representing the total remaining balance. During the year ended June 30, 2013, interest expense paid on the promissory note was \$8,789.

Integral Technologies, Inc.
Notes to the Consolidated Financial Statements

NOTE 13 - PROMISSORY NOTES PAYABLE, CONTINUED

During the fiscal year ended June 30, 2014, the Company entered into the following promissory note payable agreements:

- (a) Two one-month unsecured promissory notes payable totaling \$60,000, which bore interest at 12% annually. Any unpaid principal and unpaid accrued interest is due January 19, 2014 and January 24, 2014, the maturity dates. In addition, the Company must issue 25,000 shares of common stock at each maturity date to settle the promissory notes. During the fiscal year ended June 30, 2014, the promissory notes payable were repaid, therefore the outstanding balance was \$0. The obligations to issue 50,000 shares is still outstanding and explained in Note 5 to the financial statements under the heading "Share Obligations".
- (b) On October 1, 2013, the Company entered into an unsecured promissory note agreement with a consultant for unpaid fees of \$215,000, which bears interest at 6% annually. On April 17, 2014 the Company issued 1,264,706 shares of common stock valued at the fair market price of \$0.17 per share. As of June 30, 2014, the outstanding balance on this note was \$0.
- (c) On February 1, 2014, the Company entered into an unsecured promissory note agreement with a director for unpaid consulting fees of \$300,000, which bears interest at 6% annually. Any interest accrued on the outstanding balance is due at the maturity date, February 1, 2016. \$5,000 is payable on the first of each month beginning March 1, 2014 through to March 1, 2015. The final payment of \$272,234 consisting of principal and accrued interest is due on the maturity date. As at June 30, 2014, the balance of the outstanding note was \$289,500.

Total outstanding promissory notes as of June 30, 2014 and 2013 are as follows:

	June 30,	
	2014	June 30, 2013
Current	\$ 60,000	\$ -
Non-current	229,500	-
	<u>\$ 289,500</u>	<u>\$ -</u>

NOTE 14 - DEFERRED REVENUE

On June 21, 2013, the Company signed a ten year license agreement with Hanwha L&C, of South Korea. The agreement grants Hanwha L&C exclusive rights to sell, distribute and manufacture Integral's patented line of conductive plastics, ElectriPlast, in South Korea, as well as non-exclusive sales and distribution rights to ElectriPlast for Japan, Taiwan and the China markets.

The agreement called for license fees as follows:

- \$250,000 (received) to be paid to the Company within 15 business days; and
- \$250,000 (received) payment to be paid to the Company no later than one year after signing the agreement.

The first payment of \$250,000 has been recorded as deferred revenue, which will be recognized as license fee revenue in the consolidated statements of operations over the life of the ten year contract. During the fiscal year ended June 30, 2014, \$29,167 (fiscal year ended June 30, 2013 - \$0) has been recognized as license fee revenue.

Integral Technologies, Inc.
Notes to the Consolidated Financial Statements

NOTE 14 - DEFERRED REVENUE, CONTINUED

As of June 30, 2014, the remaining deferred revenue was as follows:

	June 30, 2014	June 30, 2013
Current	\$ 50,000	\$ 25,000
Non-current	420,833	225,000
	<u>\$ 470,833</u>	<u>\$ 250,000</u>

NOTE 15 - EXTINGUISHMENT OF DEBT

During the fiscal years ended June 30, 2014 and 2013, the following debts were extinguished:

- (a) On November 8, 2012, a director of the Company resigned from his position as director and CEO of the Company. An agreement was signed indicating that all amounts owing at the agreement date would be waived resulting in payables of \$228,897 recognized as a gain on extinguishment of debt charged to accumulated deficit. Further, the agreement indicated that the Company would redeem 70,588 shares of preferred stock held by the director at \$4.25 per share for a total of \$300,000 as follows:
- (i) Monthly installments of \$7,500 would be paid on the fifteenth of each month starting November 15, 2012 until June 15, 2013;
 - (ii) Monthly installments of \$10,000 would be paid on the fifteenth of each month starting July 15, 2013 until December 15, 2014; and
 - (iii) A lump sum payment of \$60,000 on January 15, 2015.

During the fiscal year ended June 30, 2013, \$300,000 was reclassified as a liability with the \$70,588 par value removed from equity and \$229,412 value in excess of par charged to accumulated deficit. On January 15, 2014 the Company entered into an amended agreement to settle a portion of the redemption value by issuing 481,482 shares of common stock measured at a fair value of \$0.27 per share measured on the date of the amendment. A total of \$130,000 was reclassified from redeemable preferred stock to obligations to issue shares.

On April 15, 2014, the principal balance of \$30,000 was settled through the issuance of 100,000 shares of common stock measured at a fair value of \$0.30 per share.

On May 1, 2014, the Company entered into an amended agreement whereby the preferred stock and stock options were exchanged for 750,000 shares of common stock valued at the share price of \$0.26 per share in settlement of the remaining debt. The gain of \$71,932 was recorded as a gain on extinguishment of debt to accumulated deficit. As of June 30, 2014 there was no outstanding debt related to the resignation of the former director and CEO.

- (b) During the fiscal year ended June 30, 2013, legal fees included in accounts payable were derecognized as a result of becoming time barred due to the statute of limitations. A total of \$355,022 has been recognized as a gain on extinguishment of liabilities in the consolidated statement of operations for the fiscal year ended June 30, 2013.

Integral Technologies, Inc.
Notes to the Consolidated Financial Statements

NOTE 15 - EXTINGUISHMENT OF DEBT, CONTINUED

- (c) On June 13, 2013, the Company signed a separation agreement with a consultant resulting in a termination of consulting services effective March 31, 2013. As a result of the termination, the Company was required to issue the following:
 - (i) 541,666 shares of common stock pursuant to a restricted stock award agreement for options vesting prior to the agreement date. These shares were issued during the fiscal year ended June 30, 2014 and were measured at a fair value of \$0.44 per share (note 5(b)); and
 - (ii) 628,571 shares common stock in consideration for unpaid fees of \$243,000. The modified consulting fees were recorded at the fair value of shares to be issued of \$352,000 as at June 30, 2013 which were included in accounts payable and accruals. The increase in value of modified debt of \$109,000 was recognized as a loss on extinguishment of liabilities in the consolidated statements of operations for the year ended June 30, 2013.
 - (iii) In addition to the above, 600,000 options previously granted to a consultant were cancelled. Of the granted options, 200,000 had not vested on the date of cancellation. As such, stock-based compensation previously recorded on the unvested options of \$23,375 was reversed through consulting expenses in the consolidated statement of operations for the fiscal year ended June 30, 2014.
 - (iv) During the fiscal year ended June 30, 2014, 628,571 shares were issued to settle the above mentioned consulting fees which were measured at a fair value of \$0.44 per share on the share issuance date. A total of \$276,571 was recorded as equity with the decrease in value of extinguished debt of \$75,429 recorded as a recovery of loss on extinguishment of debt in the consolidated statements of operations.
- (d) On March 20, 2014, the Company signed a separation agreement with a consultant resulting in a termination of consulting services effective January 2, 2014. As a result of the termination, the Company is required to perform the following:
 - (i) 203,700 shares of common stock were issued to settle \$55,000 in consulting fees included in accounts payable and accruals. These shares were issued during the fiscal year ended June 30, 2014 and were measured at a fair value of \$0.27 per share; and
 - (ii) 1,000,000 shares of common stock were issued in lieu of all stock options not granted per the original consulting agreement. The shares of common stock were measured at their fair value of \$0.30 per share on the date of the separation agreement. A total of \$300,000 was recorded as termination agreement expense in the consolidated statements of operations.
- (e) On March 21, 2014, the Company signed a separation agreement with a director resulting in a termination of consulting services effective January 31, 2014. As a result of the termination, the Company is required to perform the following:
 - (i) 241,666 shares of common stock were issued to settle \$72,500 in consulting fees included in accounts payable and accruals. These shares were issued during the fiscal year ended June 30, 2014 and were measured at a fair value of \$0.30 per share;
 - (ii) Grant 200,000 stock options at an exercise price of \$0.50 per share of common stock and cancellation of 500,000 vested stock options and forfeiture of 100,000 un-vested stock options previously granted; and

Integral Technologies, Inc.
Notes to the Consolidated Financial Statements

NOTE 15 - EXTINGUISHMENT OF DEBT, CONTINUED

- (iii) 1,250,000 shares of common stock were issued in lieu of all stock options not granted per the original consulting agreement. The shares of common stock were measured at their fair value of \$0.30 per share on the date of the separation agreement. A total of \$375,000 was recorded as termination agreement expense in the consolidated statements of operations.
- (f) On December 30, 2013 the Company amended the terms of a promissory note to add a conversion option to settle the remaining balance of \$51,040 through issuance of shares at a conversion price of \$0.165 per share. On December 30, 2013, 309,332 shares of common stock were issued to settle the above mentioned promissory note which was measured at a fair value of \$0.28 per share on the share issuance date. A total of \$86,613 was recorded as equity with the loss on extinguishment of \$35,573 recorded in the consolidated statement of operations.
- (g) On October 16, 2013 the Company settled \$55,052 in legal fees through issuance of shares of common stock. 125,000 shares of common stock were issued to settle the above mentioned payable balance which was measured at a fair value of \$0.38 per share on the share issuance date. A total of \$47,500 was recorded as equity with the gain on extinguishment of \$7,552 recorded in the consolidated statement of operations.
- (h) On October 25, 2013 the Company settled \$11,726 in consulting fees through issuance of shares of common stock. 29,315 shares of common stock were issued to settle the above mentioned payable balance which was measured at a fair value of \$0.37 per share on the share issuance date.
- A total of \$10,847 was recorded as equity with the gain on extinguishment of \$879 recorded in the consolidated statement of operations.
- (i) On January 30, 2014 the Company settled \$15,000 in consulting fees to a director through issuance of shares of common stock. 50,000 shares of common stock were issued to settle the above mentioned payable balance which was measured at a fair value of \$0.30 per share on the share issuance date. A total of \$15,000 was recorded as equity.
- (j) On March 31, 2014, legal fees included in accounts payable were derecognized as a result of becoming time barred due to the statute of limitations. A total of \$150,367 has been recognized as a gain on extinguishment of liabilities in the consolidated statements of operations.

NOTE 16 - LEASE AGREEMENTS

During the fiscal years June 30, 2014 and 2013, rent expense was \$70,055 and \$61,523, respectively. Effective July 1, 2013 the Company entered into a lease agreement whereby the Company is the lessee of office space. The agreement expires on June 30, 2018, and monthly payments are \$2,500. Future minimum lease payments are as follows:

2015	\$ 30,000
2016	30,000
2017	30,000
2018	30,000
	<u>\$ 120,000</u>

Integral Technologies, Inc.
Notes to the Consolidated Financial Statements

NOTE 17 - LOAN PAYABLE

During the fiscal year ended June 30, 2014, the Company entered into a financing arrangement to cover directors' and officers' liability insurance for the period December 31, 2013 to December 31, 2014. The amount financed was \$61,474, which bears interest at 3.75% annually. Monthly payments of \$5,814 are required to settle amounts owing. The balance outstanding at June 30, 2014 was \$0.

NOTE 18 - COMMITMENTS

During the fiscal year ended June 30, 2014, the following commitments were outstanding:

- (a) An employment agreement with an employee, dated November 1, 2013, engaging the individual to provide certain business development services to the Company in Korea. The term of the agreement is for three years and the Company is to pay the employee an annual salary of \$150,000. The Company agreed to grant the employee a stock grant in the amount of 810,000 shares of the Company's common stock.
- (b) An employment agreement with an employee, dated February 28, 2014, engaging the individual to provide certain consulting services to the Company in Korea. The term of the agreement is for three years and the Company is to pay the employee an annual salary of \$100,000. The Company agreed to grant the employee a stock grant in the amount of 540,000 shares of the Company's common stock.
- (c) An employment agreement with an employee, dated January 13, 2014, engaging the individual to provide certain technical expertise to the Company in the USA. The term of the agreement is for three years and the Company is to pay the employee an annual salary of \$200,000. The Company agreed to grant the employee a stock grant in the amount of 500,000 shares of the Company's common stock.
- (d) An employment agreement with an employee, dated November 1, 2013, engaging the individual to provide the expertise as that of the Chief Technical Officer. The term of the agreement is for three years and the Company is to pay the employee an annual salary of \$170,000. The Company agreed to grant the employee a stock grant in the amount of 100,000 shares of the Company's common stock.
- (e) Pursuant to a consulting agreement dated August 19, 2013, the Company is obligated to pay \$5,000 to \$10,000 per month based on the number of hours worked and to issue 6,000 shares of common stock per month beginning September 1, 2013.

NOTE 19 - SUBSEQUENT EVENTS

The following events occurred subsequent to June 30, 2014:

- (a) Prior to June 30, 2014, the Company received \$71,255 and subsequent to June 30, 2014 it received \$68,000 for the exercise of warrants. In respect of this exercise of warrants, a total of 819,147 shares were issued subsequent to June 30, 2014. Also, prior to June 30, 2014, subscriptions were received for 638,940 units, each unit consisting of one share of common stock at \$0.17 and one warrant at \$0.001. Each warrant entitles the holder to purchase one share of common stock on or before eighteen months after the closing date at an exercise price of \$0.30. In respect of this private placement, \$87,370 was received prior to June 30, 2014 and \$21,370 was received subsequent to June 30, 2014.

AMENDMENT TO CONSULTING AND CONFIDENTIALITY AGREEMENT

THIS AGREEMENT IS MADE TO AMMEND CONSULTING AND CONFIDENTIALITY AGREEMENT (the "Agreement"), dated as of April 15, 2011, entered into by and between Integral Technologies, Inc., a Nevada corporation, (the "Company" or "Integral") and Herbert C. Reedman, Jr., individually, (the "Consultant").

Section 1. Amendments

- (a) Term. The original termination date of April 15, 2014 is hereby amended to January 31, 2014. Exhibit 1.
- (b) Compensation. As of the Termination Date, the Parties acknowledge and agree that the total amount owed to Consultant by the Company under the Consulting Agreement is equal to \$372,500 (the "Owed Amount"). The Parties further acknowledge and agree that payment of the Owed Amount by the Company to Reedman will consist of: (i) three hundred thousand dollars and zero cents (\$300,000.00) evidenced by a promissory note in the form of Exhibit 2 hereto, payable to Consultant (the "Note") and (ii) seventy-two thousand five hundred dollars and zero cents (\$72,500.00) (the "Share Amount") evidenced by 241,666 shares (the "Shares") of the Company's common stock, par value \$0.001 per share, which was determined by dividing the Share Amount by \$0.30, the closing price of the Company's common stock on January 6, 2014. The issuance of the Note will be made concurrently with the execution of this Agreement. The issuance of the Shares will be made within seven (7) days after the execution of this Agreement by both Parties. Consultant acknowledges receipt of compensation and benefits provided in the Consulting Agreement and will be entitled to retain all compensation previously received. Consultant acknowledges and accepts full responsibility for full and timely payment of any tax obligations arising from this compensation.
- (c) Issuance of Company Stock Option. Concurrently with the execution of this Agreement, Reedman will receive an option to purchase two hundred thousand (200,000) shares of the Company's common stock at an exercise price of \$0.50 per share. Reedman acknowledges and agrees that all other issuances of shares of common stock or securities convertible into or exercisable into shares of the Company's common stock which should have been issued to Reedman by the Company under the terms of the Consulting Agreement are hereby forfeited as of the Termination Date. Consultant acknowledges and accepts full responsibility for full and timely payment of any tax obligations arising from this compensation.
- (d) Consultant agrees to forfeit all stock options priced at .001 in lieu of said stock options the company agrees to grant (1,250,000) shares common stock. The issuance of the Shares will be made within seven (7) days after the execution of this Agreement by both Parties. Consultant acknowledges and accepts full responsibility for full and timely payment of any tax obligations arising from this compensation.
- (e) No Other Payments. Except as described in this Section 1, Consultant acknowledges and agrees that he is not entitled to any other compensation, severance, benefits or other payments in connection with his engagement by, or employment or positions with, Company or the termination thereof.

/Herbert Reedman Jr/

Herbert C. Reedman Jr.

Date: 03/21/2014

INTEGRAL TECHNOLOGIES, INC.

By: /Doug Bathauer/

Name: Doug Bathauer

Title: Chief Executive Officer

Date: 03/21/2014

PROMISSORY NOTE

Bellingham, Washington

\$300,000.00

Dated: February 1, 2014 (the "Original Issuer Date")

For value received, **Integral Technologies, Inc.**, a Delaware corporation having an address at 805 W. Orchard Drive, Suite 7, Bellingham, Washington 98225 ("Maker") promises to pay to the order of **Herbert C. Reedman** having an address at 1026 Randolph Drive, Yardley, PA 19067 (the "Holder") or at any other address Holder hereafter designates to the Maker, in lawful money of the United States, the sum of THREE HUNDRED THOUSAND AND 00/100 DOLLARS (\$300,000.00) (the "Principal Sum") as follows: (i) Five Thousand Dollars (\$5,000.00) payable on the 1st of each month beginning on March 1, 2014 and on the 1st of each consecutive month through March 1, 2015, and (ii) Two Hundred Seventy Two Thousand, Two Hundred Thirty Four Dollars (\$272,234) on February 1, 2016 (the Maturity Date"). The Maker further promises to pay interest on the unpaid principal balance hereof at the rate of 6 percent (6%) per annum, interest on the outstanding balance to be paid on the Maturity Date. Interest shall be calculated on the basis of a 365 day year and actual days elapsed. In no event shall the interest charged hereunder exceed the maximum permitted under the laws of the State of New York.

Any payment pursuant to this Note shall be applied first to interest that has become due pursuant to this Note and remains unpaid and then to the outstanding Principal Sum of this Note.

The Maker shall have the option of paying the Principal Sum to Holder in advance in full or in part at any time and from time to time without premium or penalty; provided, however, that together with such payment in full the Maker shall pay to Holder all interest and all other amounts owing pursuant to this Note and remaining unpaid.

Upon and at any time and from time to time after the occurrence or existence of an Event of Default, all amounts owing pursuant to this Note shall, at the sole option of Holder and without any notice, demand, presentment or protest of any kind (each of which is waived by Maker), become immediately due. An "Event of Default" occurs or exists if Maker (i) shall default in the payment of the Principal Sum or interest payable on this Note, when and as the same shall become due and payable, whether at maturity or by acceleration or otherwise and such default shall continue unremedied for thirty (30) business days or (ii) has any receiver, trustee, liquidator, sequestrator or custodian of Maker or any of Maker's assets appointed (whether with or without Maker's consent), makes any assignment for the benefit of creditors or commences or has commenced against Maker any case or other proceeding pursuant to any bankruptcy or insolvency statute, regulation or other law of the United States of America or of any state or territory thereof or of any foreign jurisdiction or any other statute, regulation or other law relating to the relief of debtors, to the readjustment, composition or extension of indebtedness, to liquidation or to reorganization or any formal or informal proceeding for the dissolution, liquidation or winding up of the affairs of, or the settlement of claims against Maker.

In no event shall interest pursuant to this Note be payable at a rate in excess of the maximum rate permitted by applicable law and solely to the extent necessary to result in such interest not being payable at a rate in excess of such maximum rate, any amount that would be treated as part of such interest under a final judicial interpretation of applicable law shall be deemed to have been a mistake and automatically canceled, and, if received by Holder, shall be refunded to the Maker, it being the intention of Holder and of the Maker that such interest not be payable at a rate in excess of such maximum rate.

THIS NOTE SHALL BE GOVERNED BY AND CONSTRUED, INTERPRETED AND ENFORCED IN ACCORDANCE WITH THE INTERNAL LAW OF THE STATE OF NEW YORK, WITHOUT REGARD TO PRINCIPLES OF CONFLICT OF LAWS. THE MAKER HEREBY IRREVOCABLY CONSENTS TO THE JURISDICTION OF THE COURTS LOCATED IN NEW YORK, IN THE STATE OF NEW YORK AND THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK IN CONNECTION WITH ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS NOTE.

This Note shall be binding upon the successors, endorsees or assigns of the Maker and inure to the benefit of the Holder, its successors, endorsees and assigns. The Maker may not delegate any of its obligations, or assign any of its rights, under this Note without the prior written consent of the Holder.

This Note shall not be extended or modified orally.

If any term or provision of this Note shall be held invalid, illegal or unenforceable, the validity of all other terms and provisions hereof shall in no way be affected thereby.

In the event the Maker experiences a Change in Control (as defined below), the unpaid principal amount under this Note, and all interest accrued but unpaid thereon, shall be immediately due and payable. A "Change in Control" means any of the following: (i) the Maker sells, leases, transfers or otherwise disposes of all or substantially all of its assets; or (ii) the Maker merges or consolidates with or into any other "Person", or any other "Person" merges or consolidates with or into the Maker, in each case unless the holders of a majority of the outstanding voting equity interests of the Maker immediately prior to such merger or consolidation continue to hold a majority of the outstanding voting equity interests of the resulting or surviving entity.

INTEGRAL TECHNOLOGIES INC.

By:/Doug Bathauer/
Name: Doug Bathauer
Title: CEO

TERMINATION OF CONSULTING AGREEMENT AND GENERAL RELEASE

This Termination of Consulting Agreement and General Release ("Agreement") is being entered into on the date listed on the signature page hereof by and between Paul Mackenzie ("Mackenzie") and Integral Technologies, Inc. ("Company"). As used herein, Mackenzie and Company are referred to jointly as "Parties" or individually as a "Party."

WHEREAS, Mackenzie has served as a consultant of the Company pursuant to the terms of that Consulting and Confidentiality Agreement (the "Consulting Agreement") dated June 1, 2011;

WHEREAS, the Parties desire to set forth their understandings and mutual agreements with respect to the mutual termination of the Consulting Agreement, Mackenzie's benefits and obligations following the termination of the Consulting Agreement, and all other matters between them.

NOW, THEREFORE, in consideration of the mutual promises and undertakings contained herein, and intending to be legally bound hereby, the Parties agree as follows:

Section 1. Termination of Consulting Agreement

The Consulting Agreement and Mackenzie's independent contractor relationship with the Company are hereby terminated effective January 2, 2014 (the "Termination Date"). Mackenzie acknowledges receipt of compensation and benefits provided in the Consulting Agreement and will be entitled to retain all compensation previously received. All compensation that is owed to Mackenzie through the Termination Date shall be payable in accordance with Section 2 of this Agreement

Section 2. Compensation and Benefits Upon Separation

(a) Payment for Amounts Owed under the Consulting Agreement. As of the date hereof, the Parties agree and acknowledge that on October 1, 2013, the Parties entered into a promissory note with respect to an aggregate of \$215,000 which was due and payable under the Consulting Agreement (the "Note") and such note shall remain in full force and effect after the execution of this Agreement. As of the Termination Date, the Parties acknowledge and agree that in addition to the Note, the total amount owed to Mackenzie by the Company under the Consulting Agreement is equal to \$77,500 (the "Owed Amount"). The Parties further acknowledge and agree that payment of the Owed Amount by the Company to Mackenzie will consist of: (i) twenty-two thousand five hundred dollars and zero cents (\$22,500.00), fifteen thousand of which shall be due and payable within fourteen (14) days after the date of this Agreement, and the remaining seven thousand five hundred dollars and zero cents (\$7,500.00) due and payable on the one month anniversary of the date of this Agreement and (ii) fifty-five thousand dollars and zero cents (\$55,000.00) (the "Share Amount") evidenced by 203,704 shares (the "Shares") of the Company's common stock, par value \$0.001 per share, which was determined by dividing the Share Amount by \$0.27, the closing price of the Company's common stock on January 2, 2014. The issuance of the Shares will be made within seven (7) days after the execution of this Agreement by both Parties.

(b) Issuance of Company Stock. Concurrently with the execution of this Agreement, Mackenzie will receive and one million (1,000,000) shares of the Company's common stock pursuant to the consultant agreement. The issuance of the Shares will be made within seven (7) days after the execution of this Agreement by both Parties.

(c) No Other Payments. Except as described in this Section 2, Mackenzie acknowledges and agrees that he is not entitled to any other compensation, severance, benefits or other payments in connection with his engagement by, or employment or positions with, Company or the termination thereof.

Section 3. Complete General Release of Claims

In consideration of the delivery of the payments and other benefits described in Section 2 of this Agreement, and other good and valuable consideration, Mackenzie unconditionally and irrevocably discharges and releases the Released Parties (as defined below), jointly and severally, of and from all claims, causes of action, suits, charges, debts, dues, sums of money, attorneys' fees and costs, accounts, bills, covenants, contracts, torts, agreements, expenses, wages, compensation, promises, damages, judgments, rights, demands, or otherwise ("Claims"), known or unknown, in law or equity, accrued or unaccrued, contingent or noncontingent, arising at any time up to and including the date Mackenzie executes this Agreement, whether or not capable of proof as of the effective date of this Agreement, whether common law or statutory, whether or not now recognized, that Mackenzie or anyone claiming by, through, or under him (including without limitation his heirs, executors, personal representatives, administrators, assigns, and spouse(s)) in any way might have, or could have, against any of the Released Parties. The Claims enumerated above ("Released Claims") shall include without limitation, and only by way of example:

- (i) all Claims arising from or relating to Mackenzie' employment or positions with, or engagement by, any of the Released Parties, or the termination thereof;
- (ii) all Claims arising from or relating to any acquisition, ownership, or disposition of common stock or warrants to purchase common stock of the Company;
- (iii) all Claims of employment discrimination or harassment based upon any protected characteristic (such as age, race, color, sex, national origin, religion, and disability/handicap status) arising under Title VII of the Civil Rights Act of 1964, the Age Discrimination in Employment Act, the Americans with Disabilities Act, the Family and Medical Leave Act, 42 U.S.C. § 1981, any State or Washington Employment Discrimination Law, and any other similar federal, state or local laws;
- (iv) any and all Claims arising under the Employee Retirement Income Security Act of 1974, as amended, or any benefit plan, policy or program established by the Company;
- (v) any and all Claims under any federal, state or local law relating to the payment of wages or other compensation or the hours of work;

- (vi) any and all Claims under the Sarbanes-Oxley Act or Washington Whistleblower Statute;
- (vii) any and all Claims for any compensation in any form whatsoever from the Company (other than as provided in this Agreement), including but not limited to any Claims for wages, bonuses, commissions, equity, vacation pay or other similar remuneration;
- (viii) any and all Claims arising under any contract or agreement, whether written or oral, between the Parties relating to any subject;
- (ix) any and all Claims arising under the common law of any jurisdiction, including, but not limited to, all claims for breach of contract, defamation, interference with contractual/prospective economic advantage, invasion of privacy, promissory estoppel, negligence, breach of the covenant of good faith and fair dealing, fraud, emotional distress, and wrongful discharge/termination; and
- (x) any and all Claims in any jurisdiction growing out of any legal restrictions, expressed or implied, on the Company's right to terminate or control the employment of its employees.

It is the intention of the Parties that the language relating to the description of Claims in this Section shall be given the broadest possible interpretation permitted by law.

As used herein, "Released Parties" shall mean (1) Company; (2) all direct and indirect parents, subsidiaries, affiliates, units, divisions, predecessors, and successors of Company (hereinafter "affiliated entity" or "affiliated entities"); (3) Company's and any affiliated entity's past and current employees, officers, directors, partners, agents, owners, shareholders, attorneys, heirs, successors, assigns, predecessors, and legal representatives, in their individual and official capacities; (4) Company's and any affiliated entity's insurers; (5) Company's and any affiliated entity's past and present employee benefit plans, as well as the administrators, fiduciaries, affiliates, insurers, and otherwise of all such employee benefit plans; and (6) all other persons, corporations, or other entities who/that might be claimed to be jointly or severally liable with any of the persons or entities named above and with respect to any of the "Claims" or "Released Claims" (as defined above).

Notwithstanding any provision of this Agreement to the contrary, Mackenzie does not hereby waive or relinquish any rights that he may have under the Company's Articles of Incorporation, as amended, the Company's bylaws, as amended, or any state law in which the Company is incorporated for the indemnification of officers and/or directors as of the effective date of this Agreement.

Section 4. Covenant Not to Sue

Mackenzie agrees and covenants not to file, initiate, or join any lawsuit (either individually, with others, or as part of a class), in any forum, pleading, raising, or asserting any Claim(s) barred or released by Section 3 of this Agreement. If he does so, and the action is found to be barred in whole or in part by this Agreement, Mackenzie agrees to pay the attorneys' fees and costs, or the proportions thereof, incurred by the applicable Released Party in defending against those Claims that are found to be barred by Section 3 of this Agreement.

Section 5. Acknowledgments

Mackenzie acknowledges that he is entering into this Agreement freely and voluntarily and without reliance on any promises not expressly contained herein, and that this Agreement shall not be deemed void or voidable by his claims of duress, deception, mistake of fact, or otherwise. Nor shall the principle of construction that all ambiguities are to be construed against the drafter be employed in the interpretation of this Agreement. Rather, it is agreed that this Agreement should not be construed for or against any party.

Section 6. Restrictive Covenants

(a) Protection of Confidential Information. Mackenzie understands and acknowledges that during Mackenzie's relationship with Company, Mackenzie had been and was making use of, acquiring and/or adding to Company's Confidential Information (as defined below). In order to protect the Confidential Information, Mackenzie will not at any time after the date hereof, in any way utilize or disclose any of the Confidential Information, whether for Mackenzie's own benefit or the benefit of any person or entity except the Company. The term "Confidential Information" shall mean any information that is confidential and proprietary to the Company, or of others that do business with Company that Company has received or may receive, including but not limited to the following general categories: (i) trade secrets; (ii) lists and other information about current and prospective customers; (iii) plans or strategies for sales, marketing, business development, or system build-out; (iv) sales and account records; (v) prices or pricing strategy or information; (vi) current and proposed advertising and promotional programs; (vii) engineering and technical data; (viii) methods, systems, techniques, procedures, designs, formulae, inventions and know-how; (ix) personnel information; (x) legal advice and strategies; and (xi) other information of a similar nature not known or made available to the public (other than by breach of this Agreement). Confidential Information includes any such information that Mackenzie prepared or created during his employment, engagement or position with the Company, as well as such information that has been or may be created or prepared by others. This promise of confidentiality is in addition to any common law or statutory rights of the Company to prevent disclosure of its trade secrets and/or confidential information.

(b) Non-Disparagement. Neither Company nor any person acting on its behalf shall disparage or cause to be disparaged, whether directly or indirectly, Mackenzie in any forum or through any medium of communication. Neither Mackenzie nor any person acting on his behalf shall disparage or cause to be disparaged, whether directly or indirectly, any of the Released Parties (as previously defined) in any forum or through any medium of communication. Mackenzie further agrees not to initiate any contact with or respond to any inquiry by the press or other media regarding any of the Released Parties.

(c) Acknowledgements. Mackenzie acknowledges and agrees that the restrictions set forth in this Section 6 of this Agreement are critical and necessary to protect Company's legitimate business interests (including the protection of its Confidential Information); are reasonably drawn to this end with respect to duration, scope, and otherwise; are not unduly burdensome; are not injurious to the public interest; and are supported by adequate consideration. Mackenzie also acknowledges and agrees that Company would be irreparably damaged if Mackenzie were to breach the covenants set forth in this Section 6, and in the event that Mackenzie breaches any of the provisions in this Section 6, Company will be entitled to injunctive relief, in addition to any other damages to which it may be entitled, as well as the costs and reasonable attorneys' fees it incurs in enforcing its rights under this section. Mackenzie further acknowledges that any breach or claimed breach of the provisions set forth in this Agreement will not be a defense to enforcement of the restrictions set forth in this Section 6.

(d) Severability; Modification By Court. Each word, phrase, sentence, paragraph or provision (each a "Provision") of this Section 6 is severable. If any Provision of this Section 6 is invalid or unenforceable, such invalidity or unenforceability shall not affect the validity or enforceability of the remaining Provisions of this Agreement. If any Provision is deemed invalid or unenforceable for any reason, it is the Parties' intention that such covenants be equitably reformed, stricken or modified to the extent necessary to render them valid and enforceable in all respects. In the event that the time period and/or geographic scope referenced above is deemed unreasonable, overbroad, or otherwise invalid, it is the Parties' intention that the enforcing court reduce or modify the time period and/or geographic scope to the extent necessary to render such covenants reasonable, valid, and enforceable in all respects.

Section 7. Return of Company Property

Mackenzie agrees to immediately return to Company, and not retain, all of its property, including documents, data, and equipment (and any copies thereof) of any nature and in whatever medium.

Section 8. Obligations Following Termination

Mackenzie agrees that, following the Termination Date, he will cooperate fully with Company upon request in all matters relating to the completion of his pending work on behalf of Company and the orderly transition of such work to such other employees as Company may designate. Mackenzie further agrees that following the Termination Date he will cooperate fully with Company upon request as to any and all claims, controversies, disputes, or complaints of which he has any knowledge or that may relate to him or his work with Company, unless he is an adverse party. Company will reimburse Mackenzie for any reasonable out-of-pocket expenses incurred pursuant to his duties under this Section 8. Such cooperation includes but is not limited to providing Company with all information known to him related to such claims, controversies, disputes, or complaints and appearing and giving testimony in any forum.

Section 9. Confidentiality of Agreement; No Admission

Mackenzie hereby agrees that the background and negotiations of this Agreement are strictly confidential, and Mackenzie will not disclose, directly or indirectly, any information concerning them to any third party, with the exception of his spouse, financial advisors, or legal advisors, provided that each such third party agrees to keep such information confidential and not disclose it to others. Nothing in this Agreement constitutes or should be construed to constitute an admission or evidence of any dispute, liability or fault or wrongdoing between or on the part of any Party.

Section 10. Notice

Any notice, request, or other communication required or permitted to be delivered under this Agreement must be in writing and will be considered received as of the date delivered if delivered in person, on the next business day if sent by a nationally recognized overnight courier service, and on the second business day if mailed by registered mail, return receipt requested, postage prepaid. If to Mackenzie, the notice, request, or other communication must be addressed and sent to Mackenzie at his most recent residential address as then on file with the Company. If to the Company, the notice, request, or other communication must be addressed to Integral Technologies, Inc., 805 W. Orchard Drive, Suite 7, Bellingham, Washington 98225, Attn: Doug Bathauer, or to such other address as the Company furnishes to Mackenzie in accordance with this Section.

Section 11. Governing Law; Arbitration

This Agreement shall be governed by the laws of the State of New York, irrespective of the principles of conflicts of law applicable therein. The Parties agree to submit to binding arbitration before the American Arbitration Association all claims arising out of or relating to this Agreement. This arbitration shall take place in New York, New York under the then prevailing rules of the American Arbitration Association. If the American Arbitration Association withholds its arbitration services for any reason, then the arbitration will instead be conducted by a bona fide neutral arbitration service provider selected by Company. The arbitrator's fees shall be split equally between Company and Mackenzie unless the parties agree otherwise. Except as otherwise provided herein, Company and Mackenzie shall each be responsible for paying their own attorneys' fees and all other costs they incur related to any arbitration proceeding. The arbitrator's decision will be final and binding in accordance with the Federal Arbitration Act. Except as otherwise provided herein, the arbitrator will not have the right to modify or change any of the terms of this Agreement. Notwithstanding anything to the contrary, claims under Section 6 of this Agreement need not be submitted to arbitration and may be filed in any court of competent jurisdiction in Louisiana.

Section 12. Inurement and Assignment

This Agreement shall inure to the benefit of, and be binding upon, the Parties' heirs, executors, assigns, successors, and legal representatives. Company, but not Mackenzie, shall have the right to assign its rights under this Agreement.

Section 13. Waiver

The waiver by Company or Mackenzie of a breach of any provision of this Agreement by another Party shall not operate or be construed as a waiver of any subsequent breach.

Section 14. Severability

If any provision of this Agreement is adjudged to be invalid for whatever reason, such invalidity shall not affect any other clause of this Agreement, and such clauses shall remain in full force and effect.

Section 15. Entire Agreement; Prior Agreements; Amendment

This Agreement contains the entire agreement of the Parties with respect to the subject matter hereof and supersedes any and all prior or contemporaneous agreements, oral or written. This Agreement may not be changed, altered, or otherwise amended except by mutual agreement in writing signed by the Parties.

Section 16. Section and Paragraph Headings

The section and paragraph headings in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

THE UNDERSIGNED, INTENDING TO BE LEGALLY BOUND BY THE FOREGOING TERMS, HEREBY APPLY THEIR SIGNATURES VOLUNTARILY AND WITH FULL UNDERSTANDING OF THE TERMS OF THIS AGREEMENT AND EXECUTE THIS AGREEMENT AS OF THE DATES SET FORTH BELOW.

/Paul Mackenzie/

Paul Mackenzie

Date: 03/20/2014

INTEGRAL TECHNOLOGIES, INC.

By: /Doug Bathauer/

Name: Doug Bathauer

Title: Chief Executive Officer

Date: 03/20/2014

MANAGEMENT AND SERVICES AGREEMENT

MANAGEMENT AND SERVICES AGREEMENT dated as of February 28, 2014 between Integral Technologies, Inc. ("Integral"), at 805 W. Orchard Dr., Suite 7 Seattle, WA 98225 USA and Integral Technologies Asia ("Integral Asia") at 14th Fl. Mihae bldg., 590, Gangnam-daero, Gangnam-gu, Seoul 135-110 Korea (the "Agreement").

WITNESSETH:

WHEREAS, Integral Asia is a wholly owned subsidiary of Integral, and Integral is involved, through its subsidiaries and licensees, in the business of developing intellectual property for its line of conductive plastics, marketed as ElectriPlast, and managing the global R&D, manufacture, operations and the marketing, distribution and sales of ElectriPlast;

WHEREAS, in connection with establishing operations in Korea, the parties have agreed hereby to enter into this Agreement which, when executed by the parties, will govern the terms and conditions of Integral Asia's services to Integral (the "Services").

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein, the parties hereto agree as follows:

ARTICLE I**1. MANAGEMENT AND SERVICES TO BE PROVIDED****1.1. Performance of Integral Asia Services.**

a. Subject to the terms and conditions set forth herein and on Schedule I hereto, as may be amended from time to time ("Schedule I"), Integral Asia shall provide Integral with the services set forth in Schedule I. This Agreement, including Schedule I, may be amended only by the prior written consent of the parties.

b. Except as specifically provided in Schedule I, Integral Asia shall provide each of the services listed in Schedule I for a term commencing on the date hereof and continuing as long as Integral remains a shareholder of Integral, unless earlier terminated by the parties in accordance with Section 2.1 hereof the term ("Term"). Integral Asia shall provide the services to Integral and/or its subsidiaries promptly with that degree of skill, attention and care that Integral Asia exercises and has heretofore exercised with respect to furnishing comparable services to itself.

c. Representatives of Integral and Integral Asia shall meet, at least once a year, to review the performance of the Integral Asia's services.

1.2. Fees and Payment for Services.

a. Annual fees for the Services shall be US \$270,000 plus allowed expenses submitted to Integral on a monthly basis as set forth on Schedule I or as otherwise agreed upon by the parties.

b. Integral shall, on a monthly basis, automatically without invoice, send via international wire 1/12 of the fees identified in Section 1.2.a to a bank account provided by Integral Asia. Integral Asia shall, on a monthly basis, submit to Integral its expenses in USD (the "Services Expense") showing applicable expenses, plus detailed itemized costs in connection with each category of services. Additional itemization and further explanation and substantiation of expenses shall be supplied to Integral upon request. Payment by Integral in respect of any such expense shall be made within 14 days after the date of Integral's receipt of the Services Expense.

ARTICLE II

MISCELLANEOUS

2.1. Termination.

a. Either party may terminate this Agreement upon written notice to the other party with at least 30 days notice if employment agreements between Integral and the CEO and President of Integral Asia are not renewed or are terminated.

b. Either party may terminate this Agreement upon written notice in the event of a material breach by the other party of the terms of this Agreement and such breach is not cured within thirty (30) days of notice thereof.

c. Either party may terminate this Agreement, in its sole and absolute discretion, upon 90 days written notice to the other party in the event that Integral and its subsidiaries hold less than 25% of the voting stock of Integral Asia.

d. This Agreement may be terminated by the mutual consent of the parties hereto.

2.2. Certain Agreements to Survive Termination of Agreement. The obligations of the parties under Sections 2.3 hereof shall survive any termination of this Agreement as shall Integral's payment obligation with respect to Services rendered prior to the termination date. All other obligations hereunder shall terminate as of the date of termination of this Agreement in accordance with Section 2.1.

2.3. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the Republic of Korea, Seoul District Court, without regard to its conflict of laws rules.

2.4. No Authority to Bind Integral. Integral Asia is not authorized to bind Integral in any way without the prior written authorization of Integral.

2.5. Notices. All notices, requests, demands, claims and other communications hereunder shall be in writing. Any notice, request, demand, claim or other communication hereunder shall be deemed duly given (a) if personally delivered, when so delivered, (b) if mailed, five business days after having been sent by registered or certified mail, return receipt requested, postage prepaid and addressed to the intended recipient as set forth below, (c) if given by fax, once such notice or other communication is transmitted to the fax number specified below and the appropriate answer back or telephonic confirmation is received, provided that such notice or other communication is promptly thereafter mailed in accordance with the provisions of clause (b) above or (d) if sent through an overnight delivery service in circumstances to which such service guarantees next day delivery, the day following being so sent:

if to Integral, to:

Integral Technologies, Inc.
Attention: Doug Bathauer
CEO
805 W. Orchard Dr., Suite 7
Seattle, WA 98225
USA
Telephone: +1.360.752.1982
Fax: +1.360.752.1983

if to Integral Asia, to:

Integral Asia, Inc.
Attn: Hyung Jin Song
CEO
14th Fl. Mihae bldg.,
590, Gangnam-daero, Gangnam-gu,
Seoul 135-110 Korea
Telephone: +822.3444.7307
Fax: +822.3444.7312

Any party hereto may give any notice, request, demand, claim or other communication hereunder using any other means (including ordinary mail or electronic mail), but no such notice, request, demand, claim or other communication shall be deemed to have been duly given unless and until it actually is received by the individual for whom it is intended. Any party hereto may change the address to which notices, requests, demands, claims and other communications hereunder are to be delivered by giving the other parties notice in the manner herein set forth.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties to this Agreement have caused it to be duly executed by their respective authorized representatives on the day and year first above written.

INTEGRAL TECHNOLOGIES, INC.

INTEGRAL TECHNOLOGIES ASIA

By: /Doug Bathauer/
Name: Doug Bathauer
Title: CEO

By: /Hyung Jin Song/
Name: Hyung Jin Song
Title: CEO

SCHEDULE I

SERVICES

NATURE

DESCRIPTION OF SERVICES

General and Strategic Management

- Business development for ElectriPlast in Asia;
- Facilitate, guide and support marketing and advertising strategies;
- Corporate and product communication and press releases
- Manage relationships with certain licensees in the region.

Finance, treasury and accounting

- Participation in group consolidation reporting/budget process/accounting;
- Participate in capital raising efforts.

Legal

- Intellectual property sourcing;
- Negotiation of certain licensing contracts throughout the region.

Amended and Restated Agreement

This Amended and Restated Agreement ("**Agreement**") is entered into by and between Integral technologies, Inc., a Nevada corporation, (the "**Employer**") on behalf of itself, its subsidiaries and other corporate affiliates and each of their respective employees, officers, directors, owners, shareholders and agents (collectively referred to herein as, the "**Employer Group**"), and Bill Robinson (the "**Employee**") (the Employer and the Employee are collectively referred to herein as the "**Parties**") dated as of May 1, 2014 and effective as of November 8, 2012 (the "**Execution Date**").

WHEREAS, the Employer and Employee are parties to that certain agreement, dated November 8, 2012 (the "**Existing Agreement**").

WHEREAS, pursuant to the Existing Agreement, the Employer and Employee agreed to the settlement of certain terms and obligations in connection with Employee's resignation as chief executive officer and director of Employer, in accordance with the terms of the Existing Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and promises contained in this Agreement, and for other valuable consideration, the receipt and adequacy of which are hereby acknowledged, and intending to be legally bound, Employer and Employee hereby agree that the Existing Agreement is amended and restated in its entirety as follows:

The Employee's last day of employment with Employer is November 8, 2012 (the "**Separation Date**"). After the Separation Date, the Employee will not represent himself as being an employee, officer, attorney, agent or representative of Employer for any purpose. Except as otherwise set forth in this Agreement, the Separation Date will be the employment termination date for Employee for all purposes, meaning Employee will no longer be entitled to any further compensation, monies or other benefits from Employer, including coverage under any benefits plans or programs sponsored by Employer.

1. Employer Group's Waiver and Release and Employee Representations. The Employer Group expressly waives and releases any and all claims against the Employee that may be waived and released by law with the exception of claims arising out of or attributable to (a) events, acts or omissions taking place after the Parties' execution of the Agreement; (b) Employee's breach of any terms and conditions of the Agreement and (c) Employee's criminal activities or intentional misconduct occurring during Employee's employment with Employer. In exchange for the Employer Group's waiver and release and the consideration described herein, which the Employee acknowledges to be good and valuable consideration for his obligations hereunder, the Employee hereby represents that he intends to fully settle any and all claims he may have against Employer as a result of his hire, employment or separation from employment with Employer. The Employee specifically represents, warrants and confirms that: (a) he has no claims, complaints or actions of any kind filed against the Employer Group with any court of law, or local, state or federal government or agency; (b) he has been properly paid for all hours worked for Employer, and that all commissions, bonuses and other compensation due to him has been paid, with the exception of his final payroll check for his salary and any other unpaid compensation through the Separation Date above, which will be paid in accordance with the terms of this Agreement; and (c) he has not engaged in, and is not aware of, any unlawful conduct in relation to the business of Employer. If any of these statements are not true, the Employee cannot sign this Agreement and must notify Employer immediately, in writing, of the statements that are not true. Such notice will not automatically disqualify the Employee from receiving these benefits, but will require Employer review and consideration.

2. Separation Benefits. In consideration for Employee's execution, non-revocation of, and compliance with this Agreement, including the waiver and release of claims hereunder, Employer agrees to provide the following benefits:

(a) A lump sum of One Hundred Forty Thousand Dollars (\$140,000.00) minus all relevant taxes and other withholdings, which has been paid by the Employer on or prior to the date of this Agreement and which Employee acknowledges receipt thereof;

(b) As of the date of this Agreement, Employee is currently the holder of 167,328 shares of the Company's series A convertible preferred stock (the "Preferred Stock") and options to purchase 500,000 shares of the Company's common stock, par value \$0.001 per share (the "Common Stock"), which are set to expire on December 31, 2014 (the "Options").

The Employer and Employee agree that on the date of this Agreement, Employee will exchange the Preferred Stock and the Options and settle the lump sum of \$140,000 in exchange for 750,000 shares of Common Stock (the "New Securities"). Issued at a share price of \$.26 per share. On or prior to the execution of this Agreement, Employee shall deliver its Preferred Stock and Options to the Employer and the Employer shall deliver to Employee a certificate evidencing the New Securities in the name of the Employee. Upon receipt of certificates representing the New Securities, any and all obligations of the Employer to Employee under the Preferred Stock and Options shall be fully satisfied, the Preferred Stock and Options shall be terminated and Employee will have no remaining rights, powers, privileges, remedies or interests under the Preferred Stock and Options.

The Employee understands, acknowledges and agrees that these benefits exceed what he is otherwise entitled to receive upon separation from employment, and that these benefits are in exchange for executing this Agreement. The Employee further acknowledges no entitlement to any additional payment or consideration not specifically referenced herein.

3. Release of Claims. In exchange for the consideration provided in this Agreement, the Employee and his heirs, executors, administrators and assigns (collectively the "**Releasors**") forever waive, release and discharge the Employer Group from any and all claims, demands, causes of actions, fees, damages, liabilities and expenses (inclusive of attorneys' fees) of any kind whatsoever, whether known or unknown, that Employee has ever had against the Employer Group by reason of any actual or alleged act, omission, transaction, practice, conduct, occurrence or other matter up to and including the date of his execution of this Agreement, including, but not limited to (i) any claims under Title VII of the Civil Rights Act, as amended, the Americans with Disabilities Act, as amended, the Family and Medical Leave Act, as amended, the Fair Labor Standards Act, the Equal Pay Act, as amended, the Employee Retirement Income Security Act, as amended (with respect to unvested benefits), the Civil Rights Act of 1991, as amended, Section 1981 of U.S.C. Title 42, the Sarbanes-Oxley Act of 2002, as amended, the Worker Adjustment and Retraining Notification Act, as amended, the Age Discrimination in Employment Act, as amended, the Uniform Services Employment and Reemployment Rights Act, as amended, ALL STATE AND LOCAL STATUTES THAT MAY BE LEGALLY WAIVED THAT EMPLOYEES COULD BRING EMPLOYMENT CLAIMS UNDER, INCLUDING ANY STATE OR LOCAL ANTI-DISCRIMINATION STATUTE, WAGE AND HOUR STATUTE, LEAVE STATUTE, EQUAL PAY STATUTE AND WHISTLEBLOWER STATUTE and/or any other Federal, state or local law (statutory, regulatory or otherwise) that may be legally waived and released and (ii) any tort and/or contract claims, including any claims of wrongful discharge, defamation, emotional distress, tortious interference with contract, invasion of privacy, nonphysical injury, personal injury or sickness or any other harm. However, this general release of claims excludes the filing of an administrative charge or complaint with the Equal Employment Opportunity Commission or other administrative agency, although the Employee waives any right to monetary relief related to such a charge. This general release of claims also excludes any claims made under state workers' compensation or unemployment laws, and/or any claims which cannot be waived by law.

4. Restrictive Covenants.

(a) Confidentiality

The Employee understands and acknowledges that during the course of employment by the Employer, he has had access to and learned about confidential, secret and proprietary documents, materials and other information, in tangible and intangible form, of and relating to the Employer Group and its businesses and existing and prospective customers, suppliers, investors and other associated third parties ("**Confidential Information**"). The Employee further understands and acknowledges that this Confidential Information and the Employer's ability to reserve it for the exclusive knowledge and use of the Employer Group is of great competitive importance and commercial value to the Employer, and that improper use or disclosure of the Confidential Information by the Employee might cause the Employer to incur financial costs, loss of business advantage, liability under confidentiality agreements with third parties, civil damages and criminal penalties.

For purposes of this Agreement, Confidential Information includes, but is not limited to, all information not generally known to the public, in spoken, printed, electronic or any other form or medium, relating directly or indirectly to: business processes, practices, methods, policies, plans, publications, documents, research, operations, services, strategies, techniques, agreements, contracts, terms of agreements, transactions, potential transactions, negotiations, pending negotiations, know-how, trade secrets, computer programs, computer software, applications, operating systems, software design, web design, work-in-process, databases, manuals, records, articles, systems, material, sources of material, supplier information, vendor information, financial information, results, accounting information, accounting records, legal information, marketing information, advertising information, pricing information, credit information, design information, payroll information, staffing information, personnel information, employee lists, supplier lists, vendor lists, developments, reports, internal controls, security procedures, graphics, drawings, sketches, market studies, sales information, revenue, costs, formulae, notes, communications, algorithms, product plans, designs, styles, models, ideas, audiovisual programs, inventions, unpublished patent applications, original works of authorship, discoveries, experimental processes, experimental results, specifications, customer information, customer lists, client information, client lists, manufacturing information, factory lists, distributor lists, and buyer lists of the Employer Group or its businesses or any existing or prospective customer, supplier, investor or other associated third party, or of any other person or entity that has entrusted information to the Employer in confidence.

5. Knowing and Voluntary Acknowledgement. Employee specifically agrees and acknowledges that: (a) Employee has read this Agreement in its entirety and understands all of its terms; (b) Employee has been advised of and has availed himself of his right to consult with his attorney prior to executing this Agreement; (c) Employee knowingly, freely and voluntarily assents to all of its terms and conditions including, without limitation, the waiver, release and covenants contained herein; Employee is executing this Agreement, including the waiver and release, in exchange for good and valuable consideration in addition to anything of value to which he is otherwise entitled; (d) Employee is not waiving or releasing rights or claims that may arise after his execution of this Agreement; and that (e) Employee understands that the waiver and release in this Agreement is being requested in connection with the cessation of his employment with Employer.

Employee further acknowledges that he has had twenty-one (21) days to consider the terms of this Agreement, although he may sign it sooner if desired. Further, Employee shall have an additional seven (7) days from the date on which he signs this Agreement to revoke consent to his release of claims under the ADEA by delivering notice of revocation to Doug Bathauer at Employer, 805 W. Orchard Drive, Suite 7, Bellingham, Washington 98225, before the end of such seven-day period. In the event of such revocation by Employee, Employer shall have the option of treating this Agreement as null and void in its entirety.

This Agreement shall not become effective, until the day the Employee and Employer execute this Agreement. Such date shall be the Effective Date of this Agreement. No payments due to the Employee hereunder shall be made or begin before the Effective Date.

6. Non-Disparagement. The Employee agrees and covenants that he will not at any time make, publish or communicate to any person or entity or in any public forum any defamatory or disparaging remarks, comments or statements concerning the Employer Group or its businesses, or any of its employees, officers, and existing and prospective customers, suppliers, investors and other associated third parties, now or in the future. The Employer agrees and covenants that it will not at any time make, publish or communicate to any person or entity or in any public forum any defamatory or disparaging remarks, comments or statements concerning the Employee, now or in the future.

This Section does not, in any way, restrict or impede the Employee from exercising protected rights to the extent that such rights cannot be waived by agreement or from complying with any applicable law or regulation or a valid order of a court of competent jurisdiction or an authorized government agency, provided that such compliance does not exceed that required by the law, regulation or order. The Employee shall promptly provide written notice of any such order to Doug Bathauer.

7. Restrictive Covenant Remedies. In the event of a breach or threatened breach by the Employee of any of the provisions of this Agreement, the Employee hereby consents and agrees that the Employer shall be entitled to seek, in addition to other available remedies, a temporary or permanent injunction or other equitable relief against such breach or threatened breach from any court of competent jurisdiction, without the necessity of showing any actual damages or that money damages would not afford an adequate remedy, and without the necessity of posting any bond or other security. The aforementioned equitable relief shall be in addition to, not in lieu of, legal remedies, monetary damages or other available forms of relief.

8. Successors and Assigns.

(a) Assignment by the Employer

To the extent permitted by state law, the Employer may assign this Agreement to any subsidiary or corporate affiliate in the Employer Group or otherwise, or to any successor or assign (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business or assets of the Employer. This Agreement shall inure to the benefit of the Employer Group and permitted successors and assigns.

(b) No Assignment by the Employee

The Employee may not assign this Agreement or any part hereof. Any purported assignment by the Employee shall be null and void from the initial date of purported assignment.

9. Representations and Warranties of the Employee. The Employee represents and warrants as of the date hereof and as of the closing to the Company as follows.

(a) Tax Advisors. Such Employee has reviewed with its own tax advisors the U.S. federal, state, local and foreign tax consequences of an investment in the Employer and the transactions contemplated by this Agreement, including but not limited to, the exchange of the Preferred Stock and Warrants for the New Securities. With respect to such matters, such Employee relies solely on such advisors and not on any statements or representations of the Employer or any of its agents, written or oral. The Employee understands that it (and not the Employer) shall be responsible for its own tax liability that may arise as a result of the transactions contemplated by this Agreement.

Own Account. Employee agrees and acknowledges that the New Securities shall be “restricted securities” and must be held indefinitely unless subsequently registered under the Securities Act or an exemption from such registration, including Rule 144, is available. Furthermore, Employee is acquiring the New Securities as principal for its own account and not with a view to or for distributing or reselling such New Securities or any part thereof in violation of the Securities Act of 1933, as amended (the “**Securities Act**”) or any applicable state securities law, has no present intention of distributing any of such New Securities in violation of the Securities Act or any applicable state securities law, has no direct or indirect arrangement or understandings with any other persons to distribute or regarding the distribution of such New Securities in violation of the Securities Act or any applicable state securities law and is acquiring the New Securities hereunder in the ordinary course of its business. Furthermore the Employer agrees to assist the Employee in obtaining all appropriate documentation required for the removal of the restricted legend, once the shares have been reached their required holding period under SEC Rule 144.

(b) Accredited Status. Employee acknowledges that he is an “accredited investor” within the meaning of Regulation D, Rule 501(a), promulgated by the Securities and Exchange Commission (the “SEC”) under the Securities Act and shall submit to the Employer such further assurances of such status as may be reasonably requested by the Employer.

(c) Experience of Such Employee. Such Employee, either alone or together with its representatives, has such knowledge, sophistication and experience in business and financial matters so as to be capable of evaluating the merits and risks of the prospective investment in the New Securities, and has so evaluated the merits and risks of such investment. Such Employee is able to bear the economic risk of an investment in the New Securities and, at the present time, is able to afford a complete loss of such investment

10. Governing Law: Jurisdiction and Venue. This Agreement, for all purposes, shall be construed in accordance with the laws of Washington without regard to conflicts-of-law principles. Any action or proceeding by either of the Parties to enforce this Agreement shall be brought only in any state or federal court located in the state of Washington, county of Whatcom. The Parties hereby irrevocably submit to the non-exclusive jurisdiction of such courts and waive the defense of inconvenient forum to the maintenance of any such action or proceeding in such venue.

11. Entire Agreement. Unless specifically provided herein, this Agreement contains all the understandings and representations between the Employee and the Employer Group pertaining to the subject matter hereof and supersedes all prior and contemporaneous understandings, agreements, representations and warranties, both written and oral, with respect to such subject matter. The Parties mutually agree that the Agreement can be specifically enforced in court and can be cited as evidence in legal proceedings alleging breach of the Agreement. In the event of any inconsistency between the statements in the body of this Agreement and Existing Agreement, the statements in the body of this Agreement shall control..

12. Modification and Waiver. No provision of this Agreement may be amended or modified unless such amendment or modification is agreed to in writing and signed by the Employee and by the Employer. No waiver by either of the Parties of any breach by the other party hereto of any condition or provision of this Agreement to be performed by the other party hereto shall be deemed a waiver of any similar or dissimilar provision or condition at the same or any prior or subsequent time, nor shall the failure of or delay by either of the Parties in exercising any right, power or privilege hereunder operate as a waiver thereof to preclude any other or further exercise thereof or the exercise of any other such right, power or privilege.

13. Severability. Should any provision of this Agreement be held by a court of competent jurisdiction to be enforceable only if modified, or if any portion of this Agreement shall be held as unenforceable and thus stricken, such holding shall not affect the validity of the remainder of this Agreement, the balance of which shall continue to be binding upon the Parties with any such modification to become a part hereof and treated as though originally set forth in this Agreement.

The Parties further agree that any such court is expressly authorized to modify any such unenforceable provision of this Agreement in lieu of severing such unenforceable provision from this Agreement in its entirety, whether by rewriting the offending provision, deleting any or all of the offending provision, adding additional language to this Agreement or by making such other modifications as it deems warranted to carry out the intent and agreement of the Parties as embodied herein to the maximum extent permitted by law.

The Parties expressly agree that this Agreement as so modified by the court shall be binding upon and enforceable against each of them. In any event, should one or more of the provisions of this Agreement be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions hereof, and if such provision or provisions are not modified as provided above, this Agreement shall be construed as if such invalid, illegal or unenforceable provisions had not been set forth herein.

14. Captions. Captions and headings of the sections and paragraphs of this Agreement are intended solely for convenience and no provision of this Agreement is to be construed by reference to the caption or heading of any section or paragraph.

15. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

16. Tolling. Should the Employee violate any of the terms of the restrictive covenant obligations articulated herein, the obligation at issue will run from the first date on which the Employee ceases to be in violation of such obligation.

17. Attorneys' Fees. Should the Employee breach any of the terms of the restrictive covenants obligations articulated/referenced herein, to the extent authorized by state law, the Employee will be responsible for payment of all reasonable attorneys' fees and costs that Employer incurred in the course of enforcing the terms of the Agreement, including demonstrating the existence of a breach and any other contract enforcement efforts..

18. Notice. When Employee's employment with Employer Group terminates, Employee agrees to notify any subsequent employer of the restrictive covenants section contained/referenced in this Agreement. In addition, Employee authorizes Employer Group to provide a copy of the restrictive covenants section of this Agreement to third parties, including but not limited to, Employee's subsequent, anticipated or possible future employer.

19. Acknowledgment of Full Understanding. EMPLOYEE ACKNOWLEDGES AND AGREES THAT he HAS FULLY READ, UNDERSTANDS AND VOLUNTARILY ENTERS INTO THIS AGREEMENT. EMPLOYEE ACKNOWLEDGES AND AGREES THAT he HAS HAD AN OPPORTUNITY TO ASK QUESTIONS AND CONSULT WITH AN ATTORNEY OF his CHOICE BEFORE SIGNING THIS AGREEMENT. EMPLOYEE FURTHER ACKNOWLEDGES THAT his SIGNATURE BELOW IS AN AGREEMENT TO RELEASE Employer FROM ANY AND ALL CLAIMS.

SIGNATURE PAGE FOLLOWS

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the Execution Date above.

INTEGRAL TECHNOLOGIES, INC.

By /Doug Bathauer/

Name: Doug Bathauer

Title: Chief Executive Officer

EMPLOYEE

Signature: /W.S. Robinson/

Print Name: William S. Robinson

EXHIBIT A

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM****TO THE DIRECTORS AND STOCKHOLDERS OF INTEGRAL TECHNOLOGIES, INC.****(A Development Stage Company)**

We have audited the accompanying consolidated balance sheet of Integral Technologies, Inc. as of June 30, 2013, and the related consolidated statements of operations, stockholders' equity (deficit) and cash flows the year then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with the 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. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. 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 audit provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as at June 30, 2013, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in note 3 to the consolidated financial statements, the Company has no revenues and limited capital, which together raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in note 3. These consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

A stylized, handwritten-style signature of 'Smythe Ratcliffe LLP' in dark blue ink.

Chartered Accountants

Vancouver, Canada
September 27, 2013

Smythe Ratcliffe LLP is a member firm of both the PKF International Limited network and PKF North America, which are, respectively, a network and an association of legally independent firms and does not accept any responsibility or liability for the actions or inactions on the part of any other individual member firm or firms.

7th Floor 355 Burrard St
Vancouver, BC V6C 2G8

Tel: 604 687 1231

Fax: 604 688 4675

smytheratcliffe.com

LIST OF SUBSIDIARIES

1. Antek Wireless, Inc., a wholly-owned subsidiary of the Registrant, was incorporated in the State of Delaware on November 2, 1999.
 2. Emergent Technologies Corp. was incorporated in the State of West Virginia on September 29, 1995. The Registrant holds an 76.625% equity interest in Emergent.
 3. Integral Vision Systems Inc. was incorporated in the State of West Virginia on January 20, 1994. The Registrant acquired a 100% equity interest in Integral Vision in March 1997.
 4. ElectriPlast Corp., a wholly-owned subsidiary of the Registrant, was incorporated in the State of Delaware on February 16, 2001.
 5. Integral Technologies Asia, Inc. a wholly owned subsidiary of the registrant was incorporated in Asia on February 19, 2014.
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CERTIFICATION PURSUANT TO
18 U.S.C. ss.1350, AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Doug Bathauer, Chief Executive Officer of Integral Technologies, Inc., certify that:

1. I have reviewed this annual report on Form 10-K for the period ended June 30, 2014 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 Company as of, and for, the periods presented in this report;
4. The Company'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) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company 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 Company, 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) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) evaluated the effectiveness of the Company'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
 - (d) disclosed in this report any change in the Company's internal control over financial reporting that occurred during the Company's most recent fiscal quarter (the Company's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and
5. The Company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company'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 Company'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 Company's internal control over financial reporting.

September 30, 2014

/s/ Douglas Bathauer

Douglas Bathauer, 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, W. Bartlett Snell, Chief Financial Officer of Integral Technologies, Inc., certify that:

1. I have reviewed this annual report on Form 10-K for the period ended June 30, 2014 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 Company as of, and for, the periods presented in this report;
4. The Company'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) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company 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 Company, 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) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) evaluated the effectiveness of the Company'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
 - (d) disclosed in this report any change in the Company's internal control over financial reporting that occurred during the Company's most recent fiscal quarter (the Company's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and
5. The Company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company'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 Company'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 Company's internal control over financial reporting.

September 30, 2014

/s/ W. Bartlett Snell

W. Bartlett Snell, 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

In connection with the Annual Report of Integral Technologies, Inc. (the "Company") on Form 10-K for the fiscal year ended June 30, 2014 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Doug Bathauer, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

September 30, 2014

/s/ Douglas Bathauer

Douglas Bathauer, 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

In connection with the Annual Report of Integral Technologies, Inc. (the "Company") on Form 10-K for the fiscal year ended June 30, 2014 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, W. Bartlett Snell, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

September 30, 2014

/s/ W. Bartlett Snell

W. Bartlett Snell, Chief Financial Officer
