

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

FORM 10-QSB

(Mark One)

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

For the quarterly period ended December 31, 2000

☐ 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.

(Exact 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 3, BELLINGHAM, WASHINGTON 98225

(Address of principal executive offices)

(360) 752-1982

(issuer's telephone number)

(Former name, former address and former fiscal year,
if changed since last report)

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

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY
PROCEEDINGS DURING THE PRECEDING FIVE YEARS

Check whether the issuer filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Exchange Act after the distribution of securities under a plan confirmed by a court. Yes ☐ No ☐

APPLICABLE ONLY TO CORPORATE ISSUERS

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date: AS OF FEBRUARY 9, 2001, THE ISSUER HAD 26,849,062 SHARES OF \$.001 PAR VALUE COMMON STOCK OUTSTANDING.

Transitional Small Business Disclosure Format (Check one): Yes ☐ No ☒

INDEX

<TABLE>
<CAPTION>

PAGE

<S>

PART I - FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS.

<C>

Integral Technologies, Inc. and Subsidiaries
December 31, 2000 & 1999 (unaudited)

F-1

Page Intentionally Left Blank

F-2

Consolidated Balance Sheets
June 30, 2000 and December 31, 2000 (unaudited)

F-3

Consolidated Statements of Operations (Loss)
From Inception (February 12, 1996) to December 31, 2000
(unaudited) and for the three months ended December 31, 2000
and 1999 (unaudited) and for the six months ended December 31,
2000 and 1999 (unaudited)

F-4

Consolidated Statements of Changes in Stockholders' Equity
for the period ended December 31, 2000 (unaudited)

F-5

Consolidated Statements of Cash Flows

From Inception (February 12, 1996) to December 31, 2000
(unaudited) and for the six months ended December 31, 2000 and
1999 (unaudited) F-6

Notes to Consolidated Financial Statements (unaudited) F-7

ITEM 2. PLAN OF OPERATION. 2

PART II - OTHER INFORMATION 3

SIGNATURES 6
</TABLE>

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS.

INTEGRAL TECHNOLOGIES, INC. AND SUBSIDIARIES FINANCIAL STATEMENTS DECEMBER 31, 2000 AND 1999 (UNAUDITED)

F-1

[THIS PAGE INTENTIONALLY LEFT BLANK]

F-2

INTEGRAL TECHNOLOGIES, INC. (A DEVELOPMENT STAGE COMPANY) CONSOLIDATED BALANCE SHEETS (U.S. DOLLARS) (UNAUDITED)

<TABLE>
<CAPTION>

	DECEMBER 31, 2000	JUNE 30, 2000
	-----	-----
<S>	<C>	<C>
ASSETS		
CURRENT		
Cash	\$ 818,969	\$ 2,908,700
Accounts receivable	37,578	75,641
Inventory	46,842	25,000
Prepaid expenses	165	5,395
	-----	-----
TOTAL CURRENT ASSETS	903,554	3,014,736
PROPERTY AND EQUIPMENT	89,948	41,580
LICENSE AGREEMENTS AND INTANGIBLES	1,422,413	1,462,781
INVESTMENTS	1,250,000	300,000
	-----	-----
TOTAL ASSETS	\$ 3,665,915	\$ 4,819,097
	=====	=====
LIABILITIES		
CURRENT		
Accounts payable and accruals	\$ 600,546	\$ 372,441
Due to West Virginia University Research Corporation	397,296	397,296
Customer deposits	13,232	13,232
Short-term loan	45,000	45,000
	-----	-----
TOTAL CURRENT LIABILITIES	1,056,074	827,969
	-----	-----
STOCKHOLDERS' EQUITY		
PREFERRED STOCK AND PAID-IN CAPITAL IN EXCESS OF \$0.001 PAR VALUE		
20,000,000 Shares authorized		
564,410 (June 30, 2000 - 664,410) issued and outstanding	564,410	664,410
COMMON STOCK AND PAID-IN CAPITAL IN EXCESS OF \$0.001 PAR VALUE		
50,000,000 Shares authorized		
26,352,062 (June 30, 2000 - 26,032,062) issued and outstanding	8,500,261	8,384,781
PROMISSORY NOTES RECEIVABLE	(58,500)	(58,500)
OTHER COMPREHENSIVE INCOME	46,518	46,293
DEFICIT ACCUMULATED DURING THE DEVELOPMENT STAGE	(6,442,848)	(5,045,856)
	-----	-----
TOTAL STOCKHOLDERS' EQUITY	2,609,841	3,991,128
	-----	-----
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 3,665,915	\$ 4,819,097
	=====	=====

</TABLE>

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

<TABLE>
<CAPTION>

	THREE MONTHS ENDED		SIX MONTHS ENDED		PERIOD FROM INCEPTION TO FEBRUARY 16, 1996 TO
	DECEMBER 31, 2000	DECEMBER 31, 1999	DECEMBER 31, 2000	DECEMBER 31, 1999	DECEMBER 31, 2000
<S>	<C>	<C>	<C>	<C>	<C>
REVENUE	\$ 8,571	\$ 0	\$ 8,571	\$ 0	\$ 180,988
COST OF SALES	5,360	0	5,360	0	202,548
	3,211	0	3,211	0	(21,560)
EXPENSES					
Salaries and benefits	275,412	60,000	541,348	120,000	1,510,337
Research and development	89,706	42,961	145,153	61,546	1,208,517
Legal and accounting	44,537	10,500	127,653	10,500	592,890
Travel and entertainment	67,326	10,412	109,725	20,738	463,374
Advertising	57,642	1,950	102,787	1,950	211,373
Consulting	38,661	45,250	74,361	95,950	969,782
General and administrative	29,129	7,240	63,955	12,014	299,971
Bad debt	48,750	0	48,750	0	51,318
Rent	19,083	6,536	40,426	11,871	154,526
Telephone	12,920	7,366	28,285	10,743	176,682
Interest on beneficial conversion feature	0	0	0	0	566,456
Write-down of license and operating assets	0	0	0	0	424,654
Bank charges and interest, net	(20,725)	15,878	(51,326)	99,780	98,949
Depreciation and amortization	29,325	2,000	52,476	4,000	178,692
	691,766	210,093	1,283,593	449,092	6,907,521
LOSS BEFORE EXTRAORDINARY ITEM	688,555	210,093	1,280,382	449,092	6,929,081
EXTRAORDINARY ITEM					
Cancellation of debt	0	0	0	0	(602,843)
NET LOSS FOR PERIOD	\$ 688,555	\$ 210,093	\$ 1,280,382	\$ 449,092	\$ 6,326,238
NET LOSS PER COMMON SHARE	\$ (0.03)	\$ (0.01)	\$ (0.05)	\$ (0.01)	
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	26,332,262	22,735,819	26,182,171	22,255,396	

</TABLE>

INTEGRAL TECHNOLOGIES, INC.
(A DEVELOPMENT STAGE COMPANY)
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(U.S. DOLLARS)
(UNAUDITED)

<TABLE>
<CAPTION>

	SHARES OF COMMON STOCK ISSUED	COMMON STOCK AND PAID-IN CAPITAL IN EXCESS OF PAR	SHARES OF PREFERRED STOCK ISSUED	PREFERRED STOCK AND PAID-IN CAPITAL IN EXCESS OF PAR	PROMISSORY NOTES RECEIVABLE	OTHER COMPREHENSIVE INCOME	DEFICIT ACCUMULATED DURING THE DEVELOPMENT STAGE	TOTAL STOCKHOLDERS' EQUITY
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
BALANCE, JUNE 30, 1999	22,087,062	\$4,016,267	0	\$ 0	\$ (284,068)	\$ 44,679	\$ (3,508,454)	\$ 268,424
SHARES ISSUED FOR								
Cash on private placement	2,650,000	3,975,000	0	0	0	0	0	3,975,000
Exercise of options	1,245,000	256,700	0	0	0	0	0	256,700
Release from escrow	0	75,558	0	0	0	0	0	75,558
Services	50,000	13,000	0	0	0	0	0	13,000
On settlement of debt	0	0	664,410	664,410	0	0	0	664,410
Stock option benefit	0	48,256	0	0	0	0	0	48,256
Promissory note repayment	0	0	0	0	225,568	0	0	225,568
Foreign currency translation	0	0	0	0	0	1,614	0	1,614
Net loss for the year	0	0	0	0	0	0	(1,537,402)	(1,537,402)
BALANCE, JUNE 30, 2000	26,032,062	8,384,781	664,410	664,410	(58,500)	46,293	(5,045,856)	3,991,128
Exercise of options	20,000	3,000	0	0	0	0	0	3,000
Shares issued for cash	81,885	112,480	0	0	0	0	0	112,480
Dividends on preferred shares	0	0	0	0	0	0	(16,610)	(16,610)
Held in escrow	218,115	0	0	0	0	0	0	0

Redeemed	0	0	(100,000)	(100,000)	0	0	(100,000)	(200,000)
Foreign currency translation	0	0	0	0	0	225	0	225
Net loss for period	0	0	0	0	0	0	(1,280,382)	(1,280,382)
	-----	-----	-----	-----	-----	-----	-----	-----
BALANCE, DECEMBER 31, 2000	26,352,062	\$8,500,261	564,410	\$ 564,410	\$ (58,500)	\$ 46,518	\$ (6,442,848)	\$ 2,609,841
	=====	=====	=====	=====	=====	=====	=====	=====

</TABLE>

F-5

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

<TABLE>
<CAPTION>

	SIX MONTHS ENDED		PERIOD FROM
	DECEMBER 31,	DECEMBER 31,	FEBRUARY 12,
	2000	1999	1996
	-----	-----	-----
	<C>	<C>	<C>
OPERATING ACTIVITIES			
Net loss	\$ (1,280,382)	\$ (449,092)	\$ (6,326,238)
Adjustments to reconcile net loss to net cash used in operating activities			
Depreciation and amortization	52,476	4,000	195,701
Extraordinary item	0	0	(602,843)
Consulting services and financing fees	0	0	361,719
Stock option compensation benefit	10,124	0	128,980
Interest on beneficial conversion	0	0	566,456
Settlement of lawsuit	0	0	15,000
Write-down of license and operating assets	0	0	424,654
Changes in non-cash working capital			
Due from affiliated company	0	0	(116,000)
Notes and accounts receivable	38,063	0	(69,079)
Inventory	(21,842)	0	(46,842)
Prepaid expenses	5,230	0	(165)
Deferred revenue	0	0	13,232
Other	0	0	(2,609)
Accounts payable and accruals	11,495	185,514	792,177
Due to West Virginia University	0	0	397,296
Short-term loans	0	0	0
Loans payable	0	0	0
	-----	-----	-----
CASH USED IN OPERATING ACTIVITIES	(1,184,836)	(259,578)	(4,268,561)
	-----	-----	-----
INVESTING ACTIVITIES			
Purchase of property, equipment and intangibles assets	(60,476)	0	(195,010)
Assets acquired and liabilities assumed on purchase of subsidiary	0	0	(129,474)
Investment purchase	(950,000)	0	(2,000,000)
License agreement	0	0	(124,835)
	-----	-----	-----
NET CASH USED BY INVESTING ACTIVITIES	(1,010,476)	0	(2,449,319)
	-----	-----	-----
FINANCING ACTIVITIES			
Subscriptions receivable	0	0	0
Liability to issue common stock	0	0	0
Issuance of common stock	105,356	154,579	6,133,513
Advances from stockholders, net of repayments	0	0	984,238
Share issue costs	0	0	(227,420)
Proceeds from convertible debentures	0	200,000	600,000
	-----	-----	-----
NET CASH PROVIDED BY FINANCING ACTIVITIES	105,356	354,579	7,490,331
	-----	-----	-----
EFFECT OF FOREIGN CURRENCY TRANSLATION ON CASH	225	0	46,518
	-----	-----	-----
INFLOW (OUTFLOW) OF CASH	(2,089,731)	95,001	818,969
CASH, BEGINNING OF PERIOD	2,908,700	647	0
	-----	-----	-----
CASH, END OF PERIOD	\$ 818,969	\$ 95,648	\$ 818,969
	=====	=====	=====

</TABLE>

F-6

INTEGRAL TECHNOLOGIES, INC.
(A DEVELOPMENT STAGE COMPANY)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SIX MONTHS ENDED DECEMBER 31, 2000
(U.S. DOLLARS)

1. BASIS OF PRESENTATION

These unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States for interim financial information. These financial statements are condensed and do not include all disclosures required for annual financial statements. The organization and business of the Company, accounting policies followed by the Company and other information are contained in the notes to the Company's audited consolidated financial statements filed as part of the Company's June 30, 2000 Form 10-KSB.

In the opinion of the Company's management, these financial statements reflect all adjustments necessary to present fairly the Company's consolidated financial position at December 31, 2000 and June 30, 2000 and the consolidated results of operations for the six months and three months ended December 31, 2000 and 1999 and the consolidated statements of cash flows for the six months ended December 31, 2000 and 1999. The results of operations for the six months and three months ended December 31, 2000 are not necessarily indicative of the results to be expected for the entire fiscal year.

2. STOCKHOLDERS' EQUITY

During the period, the Company

- (a) issued 20,000 shares on exercise of stock options for total proceeds of \$3,000.
- (b) redeemed 100,000 preferred shares at \$2.00 per share.

F-7

ITEM 2. PLAN OF OPERATION.

The Company recorded revenues of \$172,417 from operations for the first time in the fourth quarter of the fiscal year ended June 30, 2000. However, the Company is still considered a development stage company for accounting purposes. From inception on February 12, 1996 through December 31, 2000, the Company has incurred a cumulative net loss of approximately \$6,326,238. The Company recorded revenues of \$8,571 during the quarter ended December 31, 2000.

As a result of commercial interest in the antenna products of the Company's subsidiary, Antek Wireless, Inc., the Company intends to continue to focus substantially all of its resources on the commercialization and sales of the Antek antenna products. As a result, the Company will devote a limited amount of its resources on the research, development and commercialization of its other technologies during the next twelve months.

While management believes that each of the Antek antenna products is ready to be commercialized, ongoing research and development will be necessary over the next twelve months and will be focused on adapting and "fine-tuning" the antenna products for different applications and uses. The Company has filed three provisional patent applications with the U.S. Patent and Trademark Office for various Antek antenna products, and anticipates filing additional provisional patent applications as warranted over the next twelve months.

The Company is not in the manufacturing business and does not expect to make any capital purchases of a manufacturing plant or significant equipment in the next twelve months. The Company will rely on contract manufacturers to produce its antenna products.

During the next twelve months, Antek plans to further enhance its current management team. Additionally, Antek anticipates that it will create additional sales and administrative positions as necessary to meet anticipated customer demand.

On May 11, 2000, the Company entered into an Investment Agreement and a Registration Rights Agreement with Swartz Private Equity, LLC ("Swartz"). Pursuant to the terms of the Investment Agreement, the Company may, in its sole discretion and subject to certain restrictions, periodically sell ("Put") shares of common stock to Swartz for up to an aggregate of \$25 million. On September 26, 2000, the Company issued 300,000 shares to Swartz pursuant to a Put of up to that number of shares. The number of shares purchased and the price per share were determined pursuant to the terms of the Investment Agreement. The September 26, 2000 Put resulted in Swartz purchasing 81,885 shares for net proceeds to the Company of \$102,356. The balance of 218,115 shares shall remain outstanding for use in connection with a subsequent put(s).

Management believes that the Company has adequate financial resources to fund its operations over the next three to six months. If the Company does not earn adequate revenues to sufficiently fund operations following this time period, the Company will attempt to raise capital through the sale of its securities pursuant to the Investment Agreement with Swartz. There can be no assurance, however, that additional financing will be available when needed or on terms acceptable to the Company.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS. There have been no material developments in any of the legal proceedings described in the Company's annual report on Form 10-KSB for the year ended June 30, 2000.

ITEM 2. CHANGES IN SECURITIES.

(i) On December 28, 2000, the Company issued 20,000 shares of its common stock to one person upon exercise of an option pursuant to the Employee Benefit and Consulting Services Compensation Plan. The Company issued the shares in consideration for the payment of \$3,000. This transaction did not involve any public offering, the securities were issued under a plan structured in compliance with Rule 701 of the Securities Act, no sales commissions were paid, and a restrictive legend was placed on each certificate evidencing the shares. The Company believes that the transaction was exempt from registration pursuant to Rule 701 of the Securities Act.

(ii) On January 18, 2001, in consideration of prevailing market conditions, the Company's Board of Directors extended to the ten holders of warrants issued on March 31, 2000 in connection with a private placement, an opportunity to exercise such warrants at a reduced exercise price of \$.80 per share (original exercise price of \$1.80), provided that payment is received by the Company by February 28, 2001.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES - None.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS - None.

ITEM 5. OTHER INFORMATION.

(i) The Board of Directors accepted the resignation of Denzil Jack Parsons II as a director of the Company effective December 12, 2000.

(ii) On January 2, 2001, the Company established a stock-based compensation incentive plan for certain eligible participants which covers up to 2,500,000 shares of common stock of the Company. The purpose of the plan is to promote the best interests of the Company and its stockholders by providing a means of non-cash remuneration to selected eligible participants who contribute most to the operating progress of the Company.

(iii) On January 2, 2001, the Company executed employment agreements with: (i) William A. Ince, a director and the President, Secretary and CFO of the Company; and (ii) William S. Robinson, the Chairman, CEO and Treasurer of the Company. Each employment agreement provides for a two year term, an annual salary of \$156,000 and fully vested options to purchase 240,000 shares of the Company's common stock at an exercise price of \$.65 per share, expiring on December 31, 2005.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K.

(a) Exhibits: Exhibit Number and Brief Description

2.1 Agreement and Plan of Reorganization between Integral and Integral Vision Systems, Inc. dated March 11, 1997. (Incorporated by reference to Exhibit 2.1 of Integral's registration statement on Form 10-SB (file no. 0-28353) filed December 2, 1999.)

2.2 Agreement and Plan of Reorganization between Integral and Emergent Technologies Corporation dated December 10, 1997. (Incorporated by reference to Exhibit 2.2 of Integral's registration statement on Form 10-SB (file no. 0-28353) filed December 2, 1999.)

3

3.1 Articles of Incorporation, as amended and currently in effect. (Incorporated by reference to Exhibit 3.1 of Integral's registration statement on Form 10-SB (file no. 0-28353) filed December 2, 1999.)

3.2 Bylaws, as amended and restated on December 31, 1997. (Incorporated by reference to Exhibit 3.2 of Integral's registration statement on Form 10-SB (file no. 0-28353) filed December 2, 1999.)

4.1 Form of Securities Purchase Agreement between Integral and certain parties related to the purchase of Integral common stock to be registered pursuant to this offering (Incorporated by reference to Exhibit 4.1 of Integral's registration statement on Form SB-2 (file no - 333-41938) filed July 21, 2000).

4.2 Form of Common Stock Purchase Warrant related to the offering of securities described in Exhibit 4.1 (Incorporated by reference to Exhibit 4.1 of Integral's registration statement on Form SB-2 (file no - 333-41938) filed July 21, 2000).

4.3 Investment Agreement dated May 11, 2000, by and between Integral and Swartz Private Equity, LLC (Incorporated by reference to Exhibit 4.1 of Integral's registration statement on Form SB-2 (file no - 333-41938) filed July 21, 2000).

4.4 Warrant to purchase common stock issued to Swartz Private Equity, LLC on May 11, 2000, exercisable to purchase an aggregate of 495,000 shares of common stock at \$1.306 per share (subject to adjustment) until December 13, 2004, granted to Swartz in connection with the offering of securities described in Exhibit 4.3 (Incorporated by

reference to Exhibit 4.1 of Integral's registration statement on Form SB-2 (file no - 333-41938) filed July 21, 2000).

- 4.5 Registration Rights Agreement, dated May 11, 2000, by and between Integral and Swartz Private Equity, LLC, related to the registration of the common stock to be sold pursuant to Exhibit 4.3 (Incorporated by reference to Exhibit 4.1 of Integral's registration statement on Form SB-2 (file no - 333-41938) filed July 21, 2000).
- 4.6 Warrant to Purchase Common Stock to be issued from time to time in connection with the offering of securities described in Exhibit 4.3 (Incorporated by reference to Exhibit 4.1 of Integral's registration statement on Form SB-2 (file no - 333-41938) filed July 21, 2000).
- 4.7 Warrant Side Agreement dated May 11, 2000 between Integral and Swartz related to the offering of securities described in Exhibit 4.3 (Incorporated by reference to Exhibit 4.1 of Integral's registration statement on Form SB-2 (file no - 333-41938) filed July 21, 2000).
- 4.8 Form of Addendum Letter sent by Integral to the ten holders of warrants issued March 31, 2000 in connection with the offering described in Exhibits 4.1 and 4.2 (Filed herewith).
- 10.1 Sublicense Agreement between Integral's subsidiary, Emergent Technologies Corporation, and Integral Concepts, Inc., dated January 2, 1996, relating to the Toroidal Helical Antenna. (Incorporated by reference to Exhibit 10.1 of Integral's registration statement on Form 10-SB (file no. 0-28353) filed December 2, 1999.)
- 10.2 Agreement between Integral and West Virginia University Research Corporation on Behalf of West Virginia University dated February 9, 1996, relating to RF Quarter-Wave Coaxial Cavity Resonator. (Incorporated by reference to Exhibit 10.2 of Integral's registration statement on Form 10-SB (file no. 0-28353) filed December 2, 1999.)
- 10.3 Agreement between Integral and West Virginia University Research Corporation on Behalf of West Virginia University dated February 9, 1996, relating to Counterfeit Currency.

4

Determination Prototype. (Incorporated by reference to Exhibit 10.3 of Integral's registration statement on Form 10-SB (file no. 0-28353) filed December 2, 1999.)

- 10.4 Sublicense Agreement between Integral Concepts, Inc. and Integral dated February 15, 1996, relating to the design, construction and operation of a Plasma Ignition System. (Incorporated by reference to Exhibit 10.4 of Integral's registration statement on Form 10-SB (file no. 0-28353) filed December 2, 1999.)
- 10.7 Employee Benefit And Consulting Services Compensation Plan, as restated January 10, 1999. (Incorporated by reference to Exhibit 10.7 of Integral's registration statement on Form 10-SB (file no. 0-28353) filed December 2, 1999.)
- 10.8 Sublicense Agreement between Integral's subsidiary, Integral Vision Systems, Inc., and Integral Concepts, Inc., dated February 15, 1994, relating to vision system technologies. (Incorporated by reference to Exhibit 10.8 of Integral's registration statement on Form 10-SB/A-1 (file no. 0-28353) filed February 8, 2000).

5

- 10.9 Employment Agreement between Integral and William S. Robinson dated January 2, 2001 (Filed herewith).
- 10.10 Employment Agreement between Integral and William A. Ince dated January 2, 2001 (Filed herewith).
- 10.11 Integral Technologies, Inc. 2001 Stock Plan dated January 2, 2001 (Filed herewith).
- 21.2 Subsidiaries of Integral (Incorporated by reference to Exhibit 21.2 of Integral's registration statement on Form SB-2 (file no. 333-41938) filed July 21, 2000.)
- (b) Reports on Form 8-K - None.

SIGNATURES

In accordance with the requirements of the Exchange Act, the Company caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

INTEGRAL TECHNOLOGIES, INC.

By: /s/ William S. Robinson

William S. Robinson, Chairman, Chief
Executive Officer,
Treasurer and Director

By: /s/ William A. Ince

William A. Ince, President, Secretary,
Chief Financial Officer and Director

Date: February 13, 2001

6

INDEX TO EXHIBITS

<TABLE>
<CAPTION>

EXHIBIT NUMBER -----	DESCRIPTION -----
<S>	<C>
2.1	Agreement and Plan of Reorganization between Integral and Integral Vision Systems, Inc. dated March 11, 1997. (Incorporated by reference to Exhibit 2.1 of Integral's registration statement on Form 10-SB (file no. 0-28353) filed December 2, 1999.)
2.2	Agreement and Plan of Reorganization between Integral and Emergent Technologies Corporation dated December 10, 1997. (Incorporated by reference to Exhibit 2.2 of Integral's registration statement on Form 10-SB (file no. 0-28353) filed December 2, 1999.)
3.1	Articles of Incorporation, as amended and currently in effect. (Incorporated by reference to Exhibit 3.1 of Integral's registration statement on Form 10-SB (file no. 0-28353) filed December 2, 1999.)
3.2	Bylaws, as amended and restated on December 31, 1997. (Incorporated by reference to Exhibit 3.2 of Integral's registration statement on Form 10-SB (file no. 0-28353) filed December 2, 1999.)
4.1	Form of Securities Purchase Agreement between Integral and certain parties related to the purchase of Integral common stock to be registered pursuant to this offering (Incorporated by reference to Exhibit 4.1 of Integral's registration statement on Form SB-2 (file no - 333-41938) filed July 21, 2000).
4.2	Form of Common Stock Purchase Warrant related to the offering of securities described in Exhibit 4.1 (Incorporated by reference to Exhibit 4.1 of Integral's registration statement on Form SB-2 (file no - 333-41938) filed July 21, 2000).
4.3	Investment Agreement dated May 11, 2000, by and between Integral and Swartz Private Equity, LLC (Incorporated by reference to Exhibit 4.1 of Integral's registration statement on Form SB-2 (file no - 333-41938) filed July 21, 2000).
4.4	Warrant to purchase common stock issued to Swartz Private Equity, LLC on May 11, 2000, exercisable to purchase an aggregate of 495,000 shares of common stock at \$1.306 per share (subject to adjustment) until December 13, 2004, granted to Swartz in connection with the offering of securities described in Exhibit 4.3 (Incorporated by reference to Exhibit 4.1 of Integral's registration statement on Form SB-2 (file no - 333-41938) filed July 21, 2000).
4.5	Registration Rights Agreement, dated May 11, 2000, by and between Integral and Swartz Private Equity, LLC, related to the registration of the common stock to be sold pursuant to Exhibit 4.3 (Incorporated by reference to Exhibit 4.1 of Integral's registration statement on Form SB-2 (file no - 333-41938) filed July 21, 2000).
4.6	Warrant to Purchase Common Stock to be issued from time to time in connection with the offering of securities described in Exhibit 4.3 (Incorporated by reference to Exhibit 4.1 of Integral's registration statement on Form SB-2 (file no - 333-41938) filed July 21, 2000).
4.7	Warrant Side Agreement dated May 11, 2000 between Integral and Swartz related to the offering of securities described in Exhibit 4.3 (Incorporated by reference to Exhibit 4.1 of Integral's registration statement on Form SB-2 (file no - 333-41938) filed July 21, 2000).

</TABLE>

<TABLE>

<S>	<C>
4.8	Form of Addendum Letter sent by Integral to the ten holders of warrants issued March 31, 2000 in connection with the offering described in Exhibits 4.1 and 4.2 (Filed herewith).

10.1	Sublicense Agreement between Integral's subsidiary, Emergent Technologies Corporation, and Integral Concepts, Inc., dated January 2, 1996, relating to the Toroidal Helical Antenna. (Incorporated by reference to Exhibit 10.1 of Integral's registration statement on Form 10-SB (file no. 0-28353) filed December 2, 1999.)
10.2	Agreement between Integral and West Virginia University Research Corporation on Behalf of West Virginia University dated February 9, 1996, relating to RF Quarter-Wave Coaxial Cavity Resonator. (Incorporated by reference to Exhibit 10.2 of Integral's registration statement on Form 10-SB (file no. 0-28353) filed December 2, 1999.)
10.3	Agreement between Integral and West Virginia University Research Corporation on Behalf of West Virginia University dated February 9, 1996, relating to Counterfeit Currency Determination Prototype. (Incorporated by reference to Exhibit 10.3 of Integral's registration statement on Form 10-SB (file no. 0-28353) filed December 2, 1999.)
10.4	Sublicense Agreement between Integral Concepts, Inc. and Integral dated February 15, 1996, relating to the design, construction and operation of a Plasma Ignition System. (Incorporated by reference to Exhibit 10.4 of Integral's registration statement on Form 10-SB (file no. 0-28353) filed December 2, 1999.)
10.7	Employee Benefit And Consulting Services Compensation Plan, as restated January 10, 1999. (Incorporated by reference to Exhibit 10.7 of Integral's registration statement on Form 10-SB (file no. 0-28353) filed December 2, 1999.)
10.8	Sublicense Agreement between Integral's subsidiary, Integral Vision Systems, Inc., and Integral Concepts, Inc., dated February 15, 1994, relating to vision system technologies. (Incorporated by reference to Exhibit 10.8 of Integral's registration statement on Form 10-SB/A-1 (file no. 0-28353) filed February 8, 2000).
10.9	Employment Agreement between Integral and William S. Robinson dated January 2, 2001 (Filed herewith).
10.10	Employment Agreement between Integral and William A. Ince dated January 2, 2001 (Filed herewith).
10.11	Integral Technologies, Inc. 2001 Stock Plan dated January 2, 2001 (Filed herewith).
21.2	Subsidiaries of Integral (Incorporated by reference to Exhibit 21.2 of Integral's registration statement on Form SB-2 (file no. 333-41938) filed July 21, 2000.)

</TABLE>

FORM OF ADDENDUM LETTER

January 18, 2001

[Warrant holder address]

Re: Integral Technologies, Inc.
 Common Stock Purchase Warrant dated March 15, 2000
 Temporary Adjustment to Exercise Terms

Dear Warrant Holder:

In consideration of prevailing overall market conditions, the Board of Directors of Integral Technologies, Inc. has approved the following temporary adjustment to the exercise terms of your Warrant:

If you exercise your Warrant in whole by February 28, 2001, the exercise price due shall be \$.80 per share if both a Notice of Exercise and payment of the aggregate exercise price (at the rate of \$.80 per share) are received by the Company by February 28, 2001.

If you do not exercise your Warrant or if payment is not received February 28, 2001, the exercise price shall revert to \$1.80 per share.

As you are already aware, the shares underlying the Warrant have been registered for resale by you.

Sincerely,

Integral Technologies, Inc.

William S. Robinson, Chairman

EMPLOYMENT AGREEMENT

This EMPLOYMENT AGREEMENT (the "Agreement") is made this 2nd day of January 2001, by and between INTEGRAL TECHNOLOGIES, INC., a Nevada corporation, with principal executive offices located at 805 West Orchard Drive, #3, Bellingham, Washington 98225 (the "Company"), and WILLIAM S. ROBINSON, an individual residing at 5843 Olympic Ave, Vancouver, B.C., Canada (the "Executive").

RECITALS

WHEREAS, the parties have entered into an Employment Agreement dated October 1, 1997, as amended March 15, 1999.

WHEREAS, the parties desire that this Agreement replace and supercede all prior agreements between the Executive and the Company related to the subject matter herein.

NOW, THEREFORE, for and in consideration of the mutual covenants and representations and warranties of each other contained herein and other good and valuable consideration, the receipt of which is hereby acknowledged, the Executive and the Company agree as follows:

ARTICLE I
EMPLOYMENT

The Company hereby employs the Executive; and the Executive hereby accepts such employment and agrees to serve as an employee and Director of the Company, subject to and upon the terms and conditions set forth in this Agreement.

ARTICLE II
TITLE AND DUTIES

(A) During the term of employment with the Company, and subject to the direction of the Board of Directors, the Executive shall perform duties and functions consistent with his employment hereunder as an officer and director of the Company in the capacity of Chairman, Chief Executive Officer and Treasurer, as further defined in the Company's bylaws. The Executive shall also perform duties and functions consistent with his employment hereunder as an officer and director of each subsidiary of the Company.

(B) The Executive agrees to devote his best efforts to the performance of his duties for the Company; to render his services to any joint venture, subsidiary or affiliated business of the Company; to participate in establishing the direction of the Company's business; and to promote the Company's relationships with its employees, customers and others in the business and financial communities.

William S. Robinson Employment Agreement

Page 1

ARTICLE III
COMPENSATION

(A) The Company shall pay to the Executive \$156,000 per year for all services to be rendered pursuant to the terms of this Agreement. Such salary is payable in accordance with the Company's normal payroll procedures. The Board of Directors may increase the Executive's salary from time to time in its discretion.

(B) The Company shall grant the Executive options to acquire 240,000 shares of the Company's common stock at an exercise price of \$.65 per share. The options are fully vested and may be exercised in whole or in part at any time after February 1, 2001. All options shall expire the earlier of December 31, 2005, or one year following the termination of employment with the Company. The following terms and conditions apply to the options: (i) both the number of options and the exercise price are subject to appropriate adjustments in the

event of any stock split, stock dividend or other change in capital structure affecting the Company's common stock, (ii) the options and the shares of common stock issuable upon exercise of the options are subject to restrictions on transfer, as required by applicable federal and state securities laws; (iii) options which have not vested on or before the date of termination of the Executive's employment shall terminate on such date, and (iv) notwithstanding the expiration date, all vested options must be exercised within the earlier of the expiration date of the options or one year after termination of the Executive's employment. The Executive acknowledges that as long as he remains an executive officer of the Company, he shall be deemed an "affiliate" and/or a "control person" for purposes of reporting and compliance under the rules and regulations of the Securities and Exchange Commission.

(C) The Executive shall be eligible to receive bonuses, based on the extent Executive achieves certain goals and objectives, to be determined by mutual agreement between Executive and the Board of Directors.

(D) The Board of Directors may at its discretion from time to time grant to the Executive additional options to purchase shares of common stock of the Company.

ARTICLE IV WORKING CONDITIONS AND BENEFITS

(A) The Executive shall be entitled to paid vacations during each year of his employment with the Company in accordance with Company practice in that year. The Executive shall also be entitled to leave for illness or temporary disability, subject to the terms of Article VII(B), which may be paid or unpaid, in accordance with the policies of the Company in effect at that time.

(B) The Executive is authorized to incur reasonable and necessary expenses for promoting the business of the Company, including authorized expenses for entertainment, travel and similar items. The Company shall reimburse the Executive in accordance with the policies of the Company in effect from time to time for all such expenses, upon presentation by the Executive of an itemized account of such authorized expenditures.

William S. Robinson Employment Agreement

Page 2

(C) The Executive shall be employed by the Company at its offices in Vancouver, British Columbia, Canada. The Executive shall travel on the Company's behalf to the extent reasonable and necessary and be reimbursed for such travel.

(D) The Company shall provide to the Executive, to the full extent provided for under the laws of the Company's state of incorporation and the Company's bylaws, indemnification for any claim or lawsuit which may be threatened, asserted or commenced against the Executive by reason of the fact that he is or was a director, officer, employee or other agent of the Company, or is or was serving at the request of the Company as a director, officer, employee or other agent of another corporation, partnership, joint venture, trust, or other enterprise or employee benefit plan, provided that indemnification shall not be provided in violation of applicable law. The Company shall also provide the Executive with mandatory advancement of expenses upon receipt by the Company of the Executive's written undertaking to repay any such amount advanced if he is ultimately found not to be entitled to indemnification under applicable law.

ARTICLE V OTHER BENEFITS

(A) During the term hereof, the Executive shall be entitled to receive such of the following other benefits of employment available to other members of the Company's senior executive management: major medical health benefits, life insurance benefits, pension, profit sharing and income protection or disability plans, in each instance, consistent with the Executive's position.

(B) The Executive shall be entitled to receive an automobile allowance up to \$1000 per month.

ARTICLE VI TERM

The term of this Agreement shall commence as of January 2, 2001 and continue until December 31, 2002, unless this Agreement is terminated pursuant to the terms hereof.

ARTICLE VII TERMINATION

(A) The Executive may voluntarily terminate this Agreement at any time upon written notice to the Company. The Executive shall provide at least one month advance notice to the Company of his election to voluntarily terminate this Agreement.

(B) The Company may terminate this Agreement upon written notice to the Executive if the Executive becomes disabled or suffers an illness and as a result of such disability or illness is substantially unable to perform the Executive's duties hereunder for a period of three (3) consecutive months or an aggregate of ninety (90) working days over a consecutive twelve (12) month period; such notice shall be forwarded to the Executive by the Company upon and after a resolution of the Company's Board of Directors authorizing such notification. In the event of the Executive's death, this Agreement shall terminate upon the date of death.

William S. Robinson Employment Agreement

Page 3

(C) The Company may terminate this Agreement for cause upon written notice from the Company to the Executive if the Executive has materially violated the terms of this Agreement or committed acts of misconduct or willfully fails to carry out the policies of the Company's Board of Directors or commits acts which have a material adverse affect on the business of the Company. Such notice shall be forwarded to the Executive by the Company upon and after a resolution of the Company's Board of Directors authorizing such notification.

(D) In the event that the Company terminates the employment of the Executive without cause, then the Executive shall be entitled to severance pay equal to twelve (12) month's base salary based on the base salary then in effect at the termination date. Such severance pay shall be made in one lump sum or in monthly installments on the first day of each month at the option of the Company. In addition, the Executive shall be entitled to any prior unpaid salary and unreimbursed expenses. In addition, any and all options to purchase Company's stock held by the Executive, but not yet vested, shall immediately vest. The payments contemplated in this paragraph shall completely relieve the Company of any liability to the Executive for any compensation that would have otherwise been payable to the Executive under the terms of this Agreement.

ARTICLE VIII CONFIDENTIALITY AND NON-COMPETITION

(A) All Company trade secrets, proprietary information, software, software codes, advertising, sales, marketing and other materials or articles of information, including without limitation customer and supplier lists, data processing reports, customer sales analyses, invoices, price lists or information, samples, or any other materials or data of any kind furnished to the Executive by Company or developed by the Executive on behalf of Company or at Company's direction or for Company's use or otherwise in connection with the Executive's employment hereunder, are and shall remain the sole and confidential property of the Company; if the Company requests the return of such materials at any time during or after the termination of the Executive's employment, the Executive shall immediately deliver the same to Company.

(B) During the term of this Agreement and for a period in which any severance payments are made, the Executive shall not, directly or indirectly, either individually or as owner, partner, agent, employee, consultant or otherwise, except for the account of and on behalf of the Company or its affiliates, engage in any activity competitive with the business of the Company or its affiliates, nor shall he, in competition with the Company or its affiliates, solicit or otherwise attempt to establish for himself or any other person, firm or entity, any business relationships with any person, firm or corporation, which was, at any time during the term of this Agreement, a customer or employee of the Company or one of its affiliates. For the purposes of this paragraph, any association by the Executive with Continental Divide

Robotics, Inc. after termination of this Agreement shall not be deemed to be in conflict with the provisions herein.

(C) During the term of this Agreement and at all times thereafter, the Executive shall not use for personal benefit, or disclose, communicate or divulge to, or use for the direct or indirect benefit of any person, firm, association or entity other than the Company, any material referred to in paragraph (A) above or any information regarding the business methods,

William S. Robinson Employment Agreement

Page 4

business policies, procedures, techniques, research or development projects or results, trade secrets, or other knowledge or processes used or developed by the Company or any names and addresses of customers or clients or any other confidential information relating to or dealing with the business operations or activities of the Company, made known to the Executive or learned or acquired by the Executive while in the employ of the Company.

ARTICLE IX SEVERABILITY

If any provision of this Agreement shall be held invalid or unenforceable, the remainder of this Agreement shall remain in full force and effect. If any provision is held invalid or unenforceable with respect to particular circumstances, it shall remain in full force and effect in all other circumstances.

ARTICLE X ARBITRATION

Any controversy, claim or dispute arising out of the terms of this Agreement, or the breach thereof, shall be settled by arbitration in the State of Washington and the award rendered thereon shall be final, binding and conclusive as to all parties and may be entered in any court of competent jurisdiction.

ARTICLE XI NOTICE

Any notice, request, demand or other communication provided for by this Agreement shall be sufficient if in writing and if delivered in person or sent by registered or certified mail to the Executive at the last resident address he has filed in writing with the Company or, in the case of the Company, at its principal executive offices.

ARTICLE XII BENEFIT

This Agreement shall inure to, and shall be binding upon, the parties hereto, the successors and assigns of the Company and the heirs and personal representatives of the Executive.

ARTICLE XIII WAIVER

The waiver of either party of any breach or violation of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach.

William S. Robinson Employment Agreement

Page 5

ARTICLE XIV GOVERNING LAW

This Agreement has been negotiated and executed in the State of Washington and the laws of the State of Washington (except its provisions governing the choice of law) shall govern its construction and validity.

ARTICLE XV
ENTIRE AGREEMENT

This Agreement contains the entire Agreement between the parties hereto; no change, addition or amendment shall be made hereto except by written agreement signed by the parties hereto. This Agreement supersedes all prior Agreements and understandings between the Executive and the Company.

ARTICLE XVI
COUNTERPARTS AND FACSIMILE SIGNATURES

This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument. Execution and delivery of this Agreement by exchange of facsimile copies bearing the facsimile signature of a party shall constitute a valid and binding execution and delivery of this Agreement by such party. Such facsimile copies shall constitute enforceable original documents.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year first above written.

EXECUTIVE:

/s/ William S. Robinson

William S. Robinson

COMPANY:

INTEGRAL TECHNOLOGIES, INC.

By:/s/ William A. Ince

William A. Ince

EMPLOYMENT AGREEMENT

This EMPLOYMENT AGREEMENT (the "Agreement") is made this 2nd day of January 2001, by and between INTEGRAL TECHNOLOGIES, INC., a Nevada corporation, with principal executive offices located at 805 West Orchard Drive, #3, Bellingham, Washington 98225 (the "Company"), and WILLIAM A. INCE, an individual residing at 2317 North Shore Road, Bellingham, Washington 98226 (the "Executive").

RECITALS

WHEREAS, the parties have entered into an Employment Agreement dated October 1, 1997, as amended March 15, 1999.

WHEREAS, the parties desire that this Agreement replace and supercede all prior agreements between the Executive and the Company related to the subject matter herein.

NOW, THEREFORE, for and in consideration of the mutual covenants and representations and warranties of each other contained herein and other good and valuable consideration, the receipt of which is hereby acknowledged, the Executive and the Company agree as follows:

ARTICLE I
EMPLOYMENT

The Company hereby employs the Executive; and the Executive hereby accepts such employment and agrees to serve as an employee and Director of the Company, subject to and upon the terms and conditions set forth in this Agreement.

ARTICLE II
TITLE AND DUTIES

(A) During the term of employment with the Company, and subject to the direction of the Board of Directors, the Executive shall perform duties and functions consistent with his employment hereunder as an officer and director of the Company in the capacity of President, Secretary and Chief Financial Officer, as further defined in the Company's bylaws. The Executive shall also perform duties and functions consistent with his employment hereunder as an officer and director of each subsidiary of the Company.

(B) The Executive agrees to devote his best efforts to the performance of his duties for the Company; to render his services to any joint venture, subsidiary or affiliated business of the Company; to participate in establishing the direction of the Company's business; and to promote the Company's relationships with its employees, customers and others in the business and financial communities.

William A. Ince Employment Agreement

Page 1

ARTICLE III
COMPENSATION

(A) The Company shall pay to the Executive \$156,000 per year for all services to be rendered pursuant to the terms of this Agreement. Such salary is payable in accordance with the Company's normal payroll procedures. The Board of Directors may increase the Executive's salary from time to time in its discretion.

(B) The Company shall grant the Executive options to acquire 240,000 shares of the Company's common stock at an exercise price of \$.65 per share. The options are fully vested and may be exercised in whole or in part at any time after February 1, 2001. All options shall expire the earlier of December 31, 2005, or one year following the termination of employment with the Company. The

following terms and conditions apply to the options: (i) both the number of options and the exercise price are subject to appropriate adjustments in the event of any stock split, stock dividend or other change in capital structure affecting the Company's common stock, (ii) the options and the shares of common stock issuable upon exercise of the options are subject to restrictions on transfer, as required by applicable federal and state securities laws; (iii) options which have not vested on or before the date of termination of the Executive's employment shall terminate on such date, and (iv) notwithstanding the expiration date, all vested options must be exercised within the earlier of the expiration date of the options or one year after termination of the Executive's employment. The Executive acknowledges that as long as he remains an executive officer of the Company, he shall be deemed an "affiliate" and/or a "control person" for purposes of reporting and compliance under the rules and regulations of the Securities and Exchange Commission.

(C) The Executive shall be eligible to receive bonuses, based on the extent the Executive achieves certain goals and objectives, to be determined by mutual agreement between the Executive and the Board of Directors.

(D) The Board of Directors may at its discretion from time to time grant to the Executive additional options to purchase shares of common stock of the Company.

ARTICLE IV WORKING CONDITIONS AND BENEFITS

(A) The Executive shall be entitled to paid vacations during each year of his employment with the Company in accordance with Company practice in that year. The Executive shall also be entitled to leave for illness or temporary disability, subject to the terms of Article VII(B), which may be paid or unpaid, in accordance with the policies of the Company in effect at that time.

(B) The Executive is authorized to incur reasonable and necessary expenses for promoting the business of the Company, including authorized expenses for entertainment, travel and similar items. The Company shall reimburse the Executive in accordance with the policies of the Company in effect from time to time for all such expenses, upon presentation by the Executive of an itemized account of such authorized expenditures.

William A. Ince Employment Agreement

Page 2

(C) The Executive shall be employed by the Company at its executive offices in Bellingham, Washington. The Executive shall travel on the Company's behalf to the extent reasonable and necessary and be reimbursed for such travel.

(D) The Company shall provide to the Executive, to the full extent provided for under the laws of the Company's state of incorporation and the Company's bylaws, indemnification for any claim or lawsuit which may be threatened, asserted or commenced against the Executive by reason of the fact that he is or was a director, officer, employee or other agent of the Company, or is or was serving at the request of the Company as a director, officer, employee or other agent of another corporation, partnership, joint venture, trust, or other enterprise or employee benefit plan, provided that indemnification shall not be provided in violation of applicable law. The Company shall also provide the Executive with mandatory advancement of expenses upon receipt by the Company of Executive's written undertaking to repay any such amount advanced if he is ultimately found not to be entitled to indemnification under applicable law.

ARTICLE V OTHER BENEFITS

(A) During the term hereof, the Executive shall be entitled to receive such of the following other benefits of employment available to other members of the Company's senior executive management: major medical health benefits, life insurance benefits, pension, profit sharing and income protection or disability plans, in each instance, consistent with the Executive's position.

(B) The Executive shall be entitled to receive an automobile allowance up to \$1000 per month.

ARTICLE VI
TERM

The term of this Agreement shall commence as of January 2, 2001 and continue until December 31, 2002, unless this Agreement is terminated pursuant to the terms hereof.

ARTICLE VII
TERMINATION

(A) The Executive may voluntarily terminate this Agreement at any time upon written notice to the Company. The Executive shall provide at least one month advance notice to the Company of his election to voluntarily terminate this Agreement.

(B) The Company may terminate this Agreement upon written notice to the Executive if the Executive becomes disabled or suffers an illness and as a result of such disability or illness is substantially unable to perform the Executive's duties hereunder for a period of three (3) consecutive months or an aggregate of ninety (90) working days over a consecutive twelve (12) month period; such notice shall be forwarded to the Executive by the Company upon and after a resolution of the Company's Board of Directors authorizing such

William A. Ince Employment Agreement

Page 3

notification. In the event of the Executive's death, this Agreement shall terminate upon the date of death.

(C) The Company may terminate this Agreement for cause upon written notice from the Company to the Executive if the Executive has materially violated the terms of this Agreement or committed acts of misconduct or willfully fails to carry out the policies of the Company's Board of Directors or commits acts which have a material adverse affect on the business of the Company. Such notice shall be forwarded to the Executive by the Company upon and after a resolution of the Company's Board of Directors authorizing such notification.

(D) In the event that the Company terminates the employment of the Executive without cause, then the Executive shall be entitled to severance pay equal to twelve (12) month's base salary based on the base salary then in effect at the termination date. Such severance pay shall be made in one lump sum or in monthly installments on the first day of each month at the option of the Company. In addition, the Executive shall be entitled to any prior unpaid salary and unreimbursed expenses. In addition, any and all options to purchase Company's stock held by the Executive, but not yet vested, shall immediately vest. The payments contemplated in this paragraph shall completely relieve the Company of any liability to the Executive for any compensation that would have otherwise been payable to the Executive under the terms of this Agreement.

ARTICLE VIII
CONFIDENTIALITY AND NON-COMPETITION

(A) All Company trade secrets, proprietary information, software, software codes, advertising, sales, marketing and other materials or articles of information, including without limitation customer and supplier lists, data processing reports, customer sales analyses, invoices, price lists or information, samples, or any other materials or data of any kind furnished to the Executive by the Company or developed by the Executive on behalf of the Company or at the Company's direction or for the Company's use or otherwise in connection with the Executive's employment hereunder, are and shall remain the sole and confidential property of the Company; if the Company requests the return of such materials at any time during or after the termination of the Executive's employment, the Executive shall immediately deliver the same to the Company.

(B) During the term of this Agreement and for a period in which any severance payments are made, the Executive shall not, directly or indirectly, either individually or as owner, partner, agent, employee, consultant or otherwise, except for the account of and on behalf of the Company or its affiliates, engage in any activity competitive with the business of the Company or its affiliates, nor shall he, in competition with the Company or its affiliates, solicit or otherwise attempt to establish for himself or any other

person, firm or entity, any business relationships with any person, firm or corporation, which was, at any time during the term of this Agreement, a customer or employee of the Company or one of its affiliates.

(C) During the term of this Agreement and at all times thereafter, the Executive shall not use for personal benefit, or disclose, communicate or divulge to, or use for the direct or indirect benefit of any person, firm, association or entity other than the Company, any material referred to in paragraph (A) above or any information regarding the business methods, business policies, procedures, techniques, research or development projects or results, trade

William A. Ince Employment Agreement Page 4
secrets, or other knowledge or processes used or developed by the Company or any names and addresses of customers or clients or any other confidential information relating to or dealing with the business operations or activities of the Company, made known to the Executive or learned or acquired by the Executive while in the employ of the Company.

ARTICLE IX SEVERABILITY

If any provision of this Agreement shall be held invalid or unenforceable, the remainder of this Agreement shall remain in full force and effect. If any provision is held invalid or unenforceable with respect to particular circumstances, it shall remain in full force and effect in all other circumstances.

ARTICLE X ARBITRATION

Any controversy, claim or dispute arising out of the terms of this Agreement, or the breach thereof, shall be settled by arbitration in the State of Washington and the award rendered thereon shall be final, binding and conclusive as to all parties and may be entered in any court of competent jurisdiction.

ARTICLE XI NOTICE

Any notice, request, demand or other communication provided for by this Agreement shall be sufficient if in writing and if delivered in person or sent by registered or certified mail to the Executive at the last resident address he has filed in writing with the Company or, in the case of the Company, at its principal executive offices.

ARTICLE XII BENEFIT

This Agreement shall inure to, and shall be binding upon, the parties hereto, the successors and assigns of the Company and the heirs and personal representatives of the Executive.

ARTICLE XIII WAIVER

The waiver of either party of any breach or violation of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach.

William A. Ince Employment Agreement Page 5

ARTICLE XIV GOVERNING LAW

This Agreement has been negotiated and executed in the State of Washington

and the laws of the State of Washington (except its provisions governing the choice of law) shall govern its construction and validity.

ARTICLE XV
ENTIRE AGREEMENT

This Agreement contains the entire Agreement between the parties hereto; no change, addition or amendment shall be made hereto except by written agreement signed by the parties hereto. This Agreement supersedes all prior Agreements and understandings between the Executive and the Company.

ARTICLE XVI
COUNTERPARTS AND FACSIMILE SIGNATURES

This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument. Execution and delivery of this Agreement by exchange of facsimile copies bearing the facsimile signature of a party shall constitute a valid and binding execution and delivery of this Agreement by such party. Such facsimile copies shall constitute enforceable original documents.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year first above written.

EXECUTIVE:

/s/ William A. Ince

William A. Ince

COMPANY:

INTEGRAL TECHNOLOGIES, INC.

By: /s/ William S. Robinson

William S. Robinson

INTEGRAL TECHNOLOGIES, INC. 2001 STOCK PLAN

SECTION 1. INTRODUCTION

1.1 Establishment. Effective as provided in Section 17, Integral Technologies, Inc., a Nevada corporation (the "Company"), hereby establishes this plan of stock-based compensation incentives for selected Eligible Participants of the Company and its affiliated corporations. This Plan shall be known as the Integral Technologies, Inc. 2001 Stock Plan (the "Plan").

1.2 Purpose. The purpose of this Plan is to promote the best interest of the Company, and its stockholders by providing a means of non-cash remuneration to selected Eligible Participants who contribute most to the operating progress and earning power of the Company.

SECTION 2. DEFINITIONS

The following definitions shall be applicable to the terms used in this Plan:

2.1 "Affiliated Corporation" means any corporation that is either a parent corporation with respect to the Company or a subsidiary corporation with respect to the Company (within the meaning of Sections 424(e) and (f), respectively, of the Internal Revenue Code).

2.2 "Code" means the Internal Revenue Code of 1986, as it may be amended from time to time.

2.3 "Committee" means a committee designated by the Board of Directors to administer this Plan or, if no committee is so designated, the Board of Directors. Any Committee member who is also an Eligible Participant may receive an Option or Stock Award only if he abstains from voting in favor of a grant to himself, and the grant is determined and approved by the remaining Committee members. The Board of Directors, in its sole discretion, may at any time remove any member of the Committee and appoint another Director to fill any vacancy on the Committee.

2.4 "Common Stock" means the Company's \$0.001 par value common stock.

2.5 "Company" means Integral Technologies, Inc., a Nevada corporation.

2.6 "Effective Date" means the effective date of this Plan, as set forth in Section 17 hereof.

2.7 "Eligible Participant" means any employee, director, officer, consultant, or advisor of the Company who is determined (in accordance with the provisions of Section 4 hereof) to be eligible to receive an Option or Stock Award hereunder.

2.8 "Option" means the grant to an Eligible Participant of a right to acquire shares of Common Stock.

2.9 "Plan" means this Integral Technologies, Inc. 2001 Stock Plan, dated January 2, 2001.

2.10 "Stock Award" means the grant to an Eligible Participant of shares of Common Stock issuable directly under this Plan rather than upon exercise of an Option.

Wherever appropriate, words used in this Plan in the singular may mean the plural, the plural may mean the singular, and the masculine may mean the feminine.

SECTION 3. ADOPTION AND ADMINISTRATION OF THIS PLAN

Upon adoption by the Company's Board of Directors, this Plan became effective as of January 2, 2001. In the absence of contrary action by the Board of Directors, and except for action taken by the Committee pursuant to Section 4 in connection with the determination of Eligible Participants, any action taken by the Committee or by the Board of Directors with respect to the implementation, interpretation or administration of this Plan shall be final, conclusive and binding.

SECTION 4. ELIGIBILITY AND AWARDS

The Committee shall determine at any time and from time to time after the effective date of this Plan: (i) the Eligible Participants; (ii) the number of shares of Common Stock issuable directly or to be granted pursuant to an Option; (iii) the price per share at which each Option may be exercised, in cash or cancellation of fees for services for which the Company is liable, if applicable, or the value per share if a direct issue of stock pursuant to a Stock Award; and (iv) the terms on which each Option may be granted. Such determination, as may from time to time be amended or altered at the sole discretion of the Committee. Notwithstanding the provisions of Section 3 hereof, no such determination by the Committee shall be final, conclusive and binding upon the Company unless and until the Board of Directors has approved the same; provided, however, that if the Committee is composed of a majority of the persons then comprising the Board of Directors of the Company, such approval by the Board of Directors shall not be necessary.

SECTION 5. GRANT OF OPTION OR STOCK AWARD

Subject to the terms and provisions of this Plan, the terms and conditions under which an Option or Stock Award may be granted to an Eligible Participant shall be set forth in a written agreement (i.e., a Consulting Agreement, Services Agreement, Fee Agreement, or Employment Agreement) or, if an Option, a written Grant of Option in the form attached hereto as Exhibit A (which may contain such modifications thereto and such other provisions as the Committee, in its sole discretion, may determine).

SECTION 6. TOTAL NUMBER OF SHARES OF COMMON STOCK

The total number of shares of Common Stock reserved for issuance by the Company either directly as Stock Awards or underlying Options granted under this Plan shall not be more than 2,500,000. The total number of shares of Common Stock reserved for such issuance may be increased only by a resolution adopted by the Board of Directors and amendment of this Plan. Such Common Stock may be authorized and unissued or reacquired Common Stock of the Company.

SECTION 7. PURCHASE OF SHARES OF COMMON STOCK

7.1 As soon as practicable after the determination by the Committee and approval by the Board of Directors (if necessary, pursuant to Section 4 hereof) of the Eligible Participants and the number of shares an Eligible Participant may be issued directly as a Stock Award or eligible to purchase pursuant to an Option, the Committee shall give written notice thereof to each Eligible Participant, which notice may be accompanied by the Grant of Option, if appropriate, to be executed by such Eligible Participant.

7.2 The negotiated cost basis of stock issued directly as a Stock Award or the exercise price for each Option to purchase shares of Common Stock pursuant to paragraph 7.1 shall be as determined by the Committee, it being understood that the price so determined by the Committee may vary from one Eligible Participant to another. In computing the negotiated direct issue price as a Stock Award or the Option exercise price per share of Common Stock, the Committee shall take into consideration, among other factors, the restrictions set forth in Section 11 hereof.

SECTION 8. TERMS AND CONDITIONS OF OPTIONS

The Committee shall determine the terms and conditions of each Option granted to Eligible Participants, which terms shall be set forth in writing. The terms and conditions so set by the Committee may vary from one Eligible

Participant to another. In the event that all the Committee approves an Option permitting deferred payments, the Eligible Participant's obligation to pay for such Common Stock may be evidenced by a promissory note executed by such Eligible Participant and containing such modifications thereto and such other provisions as the Committee, in its sole discretion, may determine.

SECTION 9. DELIVERY OF SHARES OF COMMON STOCK UPON EXERCISE OF OPTION

The Company shall deliver to each Eligible Participant such number of shares of Common Stock as such Eligible Participant is entitled to receive pursuant to a Stock Award or elects to purchase upon exercise of the Option. Such shares, which shall be fully paid and nonassessable upon the issuance thereof (unless a portion or all of the purchase price shall be paid on a deferred basis) shall be represented by a certificate or certificates registered in the name of the Eligible Participant and stamped with an appropriate legend referring to the restrictions thereon, if any. Subject to the terms and provisions of the Nevada General Corporation Law and the written agreement to which he is a party, an Eligible Participant shall have all the rights of a stockholder with respect to such shares, including the right to vote the shares and to receive all dividends or other distributions paid or made with respect thereto (except to the extent such Eligible Participant defaults under a promissory note, if any, evidencing the deferred purchase price for such shares), provided that such shares shall be subject to the restrictions hereinafter set forth. In the event of a merger or consolidation to which the Company is a party, or of any other acquisition of a majority of the issued and outstanding shares of Common Stock of the Company involving an exchange or a substitution of stock of an acquiring corporation for Common Stock of the Company, or of any transfer of all or substantially all of the assets of the Company in exchange for stock of an acquiring corporation, a determination as to whether the stock of the acquiring corporation so received shall be subject to the restrictions set forth in Section 11 shall be made solely by the acquiring corporation.

SECTION 10. RIGHTS OF EMPLOYEES; ELIGIBLE PARTICIPANTS

10.1 Employment. Nothing contained in this Plan or in any Option or Stock Award granted under this Plan shall confer upon any Eligible Participant any right with respect to the continuation of his or her employment by the Company or any Affiliated Corporation, or interfere in any way with the right of the Company or any Affiliated Corporation, subject to the terms of any separate employment agreement to the contrary, at any time to terminate such employment or to increase or decrease the compensation of the Eligible Participant from the rate in existence at the time of the grant of an Option or Stock Award. Whether an authorized leave of absence, or absence in military or government service, shall constitute termination of employment shall be determined by the Committee at the time.

10.2 Non-transferability. No right or interest of any Eligible Participant in an Option or Stock Award shall be assignable or transferable during the lifetime of the Eligible Participant, either voluntarily or involuntarily, or subjected to any lien, directly or indirectly, by operation of law, or otherwise, including execution, levy, garnishment, attachment, pledge or bankruptcy. However, the Board of Directors may, in its sole discretion, permit transfers to family members if and to the extent such transfers are permissible under applicable securities laws. In the event of an Eligible Participant's death, an Eligible Participant's rights and interest in an Option or Stock Award shall be transferable by testamentary will or the laws of descent and distribution, and delivery of any shares of Common Stock due under this Plan shall be made to, and exercise of any Options may be made by, the Eligible Participant's legal representatives, heirs or legatees. If in the opinion of the Committee a person entitled to payments or to exercise rights with respect to this Plan is unable to care for his or her affairs because of mental condition, physical condition, or age, payment due such person may be made to, and such rights shall be exercised by, such person's guardian, conservator or other legal personal representative upon furnishing the Committee with evidence satisfactory to the Committee of such status.

SECTION 11. GENERAL RESTRICTIONS

11.1 Investment Representations. The Company may require any person to whom

an Option or Stock Award is granted, as a condition of exercising such Option, or receiving such Stock Award, to give written assurances in substance and form satisfactory to the Company and its counsel to the effect that such person is acquiring the Common Stock subject to the Option or Stock Award for his or her own account for investment and not with any present intention of selling or otherwise distributing the same, and to such other effects as the Company deems necessary or appropriate in order to comply with federal and applicable state securities laws.

11.2 Restrictions on Transfer of Common Stock. The shares of Common Stock issuable directly as a Stock Award or upon exercise of an Option may not be offered for sale, sold or otherwise transferred except pursuant to an effective registration statement or pursuant to an exemption from registration, the availability of which is to be established to the satisfaction of the Company, and any certificates representing shares of Common Stock will bear a legend to that effect. However, the Company may, in the sole discretion of the Board of Directors, register with the Securities and Exchange Commission some or all of the shares of Common Stock reserved for issuance under this Plan. Special resale restrictions may, however, continue to apply to officers, directors, control shareholders and affiliates of the Company and such persons will be required to obtain an opinion of counsel as regards their ability to resell shares received pursuant to this Plan.

11.3 Compliance with Securities Laws. Each Option or Stock Award shall be subject to the requirement that if at any time counsel to the Company shall determine that the listing, registration or qualification of the shares of Common Stock subject to such Option or Stock Award upon any securities exchange or under any state or federal law, or the consent or approval of any governmental or regulatory body, is necessary as a condition of, or in connection with, the issuance or purchase of shares thereunder, such Option or Stock Award may not be accepted or exercised in whole or in part unless such listing, registration, qualification, consent or approval shall have been effected or obtained on conditions acceptable to the Committee. Nothing herein shall be deemed to require the Company to apply for or to obtain such listing, registration or qualification.

11.4 Changes in Accounting Rules. Notwithstanding any other provision of this Plan to the contrary, if, during the term of this Plan, any changes in the financial or tax accounting rules applicable to Options or Stock Awards shall occur that, in the sole judgment of the Committee, may have a material adverse effect on the reported earnings, assets or liabilities of the Company, the Committee shall have the right and power to modify as necessary, or cancel, any then outstanding and unexercised Options.

SECTION 12. COMPLIANCE WITH TAX REQUIREMENTS

Each Eligible Participant shall be liable for payment of all applicable federal, state and local income taxes incurred as a result of the receipt of a Stock Award or an Option, the exercise of an Option, and the sale of any shares of Common Stock received pursuant to a Stock Award or upon exercise of an Option. The Company may be required, pursuant to applicable tax regulations, to withhold taxes for an Eligible Participant, in which case the Company's obligations to deliver shares of Common Stock upon the exercise of any Option granted under this Plan or pursuant to any Stock Award, shall be subject to the Eligible Participant's satisfaction of all applicable federal, state and local income and other income tax withholding requirements.

SECTION 13. PLAN BINDING UPON ASSIGNS OR TRANSFEREES

In the event that, at any time or from time to time, any Option or Stock Award is assigned or transferred to any party (other than the Company) pursuant to the provisions of Section 10.2 hereof, such party shall take such Option or Stock Award pursuant to all provisions and conditions of this Plan, and, as a condition precedent to the transfer of such interest, such party shall agree (for and on behalf of himself or itself, his or its legal representatives and his or its transferees and assigns) in writing to be bound by all provisions of this Plan.

SECTION 14. COSTS AND EXPENSES

All costs and expenses with respect to the adoption, implementation, interpretation and administration of this Plan shall be borne by the Company.

SECTION 15. CHANGES IN CAPITAL STRUCTURE OF THE COMPANY

Appropriate adjustments shall be made to the number of shares of Common Stock issuable pursuant to an incomplete or pending Stock Award that has not yet been delivered or upon exercise of any Options and the exercise price thereof in the event of: (i) a subdivision or combination of any of the shares of capital stock of the Company; (ii) a dividend payable in shares of capital stock of the Company; (iii) a reclassification of any shares of capital stock of the Company; or (iv) any other change in the capital structure of the Company.

SECTION 16. PLAN AMENDMENT, MODIFICATION AND TERMINATION

The Board, upon recommendation of the Committee or at its own initiative, at any time may terminate and at any time and from time to time and in any respect, may amend or modify this Plan, including:

- (a) Increase the total amount of Common Stock that may be awarded under this Plan, except as provided in Section 15 of this Plan;
- (b) Change the classes of persons from which Eligible Participants may be selected or materially modify the requirements as to eligibility for participation in this Plan;
- (c) Increase the benefits accruing to Eligible Participants; or
- (d) Extend the duration of this Plan.

Any Option or other Stock Award granted to a Eligible Participant prior to the date this Plan is amended, modified or terminated will remain in effect according to its terms unless otherwise agreed upon by the Eligible Participant; provided, however, that this sentence shall not impair the right of the Committee to take whatever action it deems appropriate under Section 11 or Section 15. The termination or any modification or amendment of this Plan shall not, without the consent of a Eligible Participant, affect his rights under an Option or other Stock Award previously granted to him.

SECTION 17. EFFECTIVE DATE OF THIS PLAN

17.1 Effective Date. This Plan is effective as of January 2, 2001 the date it was adopted by the Board of Directors of the Company.

17.2 Duration of this Plan. This Plan shall terminate at midnight on December 31, 2005, and may be extended thereafter or terminated prior thereto by action of the Board of Directors; and no Option or Stock Award shall be granted after such termination. Options and Stock Awards outstanding at the time of this Plan termination may continue to be exercised, or become free of restrictions, in accordance with their terms.

SECTION 18. BURDEN AND BENEFIT

The terms and provisions of this Plan shall be binding upon, and shall inure to the benefit of, each Eligible Participant, his executives or administrators, heirs, and personal and legal representatives.

Dated as of the 2nd day of January 2001.

INTEGRAL TECHNOLOGIES, INC.

By: /s/ William S. Robinson

William S. Robinson, CEO and Treasurer

ATTEST:

/s/ William A. Ince

William A. Ince, Secretary

Integral Technologies, Inc. 2001 Stock Plan

Page 6 of 6

EXHIBIT A

FORM OF
GRANT OF OPTION PURSUANT TO THE
INTEGRAL TECHNOLOGIES, INC. 2001 STOCK PLAN

Integral Technologies, Inc., a Nevada corporation (the "Company"), hereby grants to _____ ("Optionee") an Option to purchase _____ shares of common stock, \$.001 par value (the "Shares") of the Company at the purchase price of \$_____ per share (the "Purchase Price"), in accordance with and subject to the terms and conditions of the Integral Technologies, Inc. 2001 Stock Plan (the "Plan"). This option is exercisable in whole or in part, and upon payment in cash or cancellation of fees, or other form of payment acceptable to the Company, to the principal office of the Company. This Grant of Option supersedes and replaces any prior notice of option grant, description of vesting terms or similar documents previously delivered to Optionee for options granted on the date stated below.

Unless otherwise set forth in a separate written agreement, in the event that Optionee's employee or consultant status with the Company or any of its subsidiaries ceases or terminates for any reason whatsoever, including, but not limited to, death, disability, or voluntary or involuntary cessation or termination, this Grant of Option shall terminate with respect to any portion of this Grant of Option that has not vested prior to the date of cessation or termination of employee or consultant status, as determined in the sole discretion of the Company. In the event of termination for cause, this Grant of Option shall immediately terminate in full with respect to any unexercised options, and any vested but unexercised options shall immediately expire and may not be exercised. Unless otherwise set forth in a separate written agreement, vested options must be exercised within six months after the date of termination (other than for cause), notwithstanding the Expiration Date set forth below.

Subject to the preceding paragraph, this Grant of Option, or any portion hereof, may be exercised only to the extent vested per the attached schedule, and must be exercised by Optionee no later than _____ (the "Expiration Date") by (i) notice in writing, signed by Optionee; and (ii) payment of the Purchase Price of a minimum of \$1,000 (unless the Purchase Price for the exercise of all vested options available to be exercised totals less than \$1,000) pursuant to the terms of this Grant of Option and the Plan. Any portion of this Grant of Option that is not exercised on or before the Expiration Date shall lapse. The notice must refer to this Grant of Option, and it must specify the number of shares being purchased, and recite the consideration being paid therefor. Notice shall be deemed given on the date on which the notice is received by the Company.

This Option shall be considered validly exercised once payment therefor has cleared the banking system or the Company has issued a credit memo for services in the appropriate amount, or receives a duly executed acceptable promissory note, if the Option is granted with deferred payment, and the Company has received written notice of such exercise. If payment is not received within two business days after the date the notice is received, the Company may deem the notice to be invalid.

If Optionee fails to exercise this Option in accordance with this Grant of Option, then this Grant of Option shall terminate and have no force and effect, in which event the Company and Optionee shall have no liability to each other with respect to this Grant of Option.

This Option may be executed simultaneously in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

The validity, construction and enforceability of this Grant of Option shall be construed under and governed by the laws of the State of Nevada, without

regard to its rules concerning conflicts of laws, and any action brought to enforce this Grant of Option or resolve any controversy, breach or disagreement relative hereto shall be brought only in a court of competent jurisdiction within the State of Nevada.

Integral Technologies, Inc. 2001 Stock Plan

Page A-1

The shares of common stock issuable upon exercise of the Option (the "Underlying Shares") may not be sold, exchanged, assigned, transferred or permitted to be transferred, whether voluntarily, involuntarily or by operation of law, delivered, encumbered, discounted, pledged, hypothecated or otherwise disposed of until (i) the Underlying Shares have been registered with the Securities and Exchange Commission pursuant to an effective registration statement on Form S-8, or such other form as may be appropriate, in the discretion of the Company; or (ii) an Opinion of Counsel, satisfactory to the Company, has been received, which opinion sets forth the basis and availability of any exemption for resale or transfer from federal or state securities registration requirements.

This Grant of Option relates to options granted on _____, ____.

INTEGRAL TECHNOLOGIES, INC.

BY THE BOARD OF DIRECTORS
OR A SPECIAL COMMITTEE THEREOF

NOT FOR EXECUTION

By: _____

OPTIONEE:

NOT FOR EXECUTION

Integral Technologies, Inc. 2001 Stock Plan

Page A-2

GRANT OF OPTION PURSUANT TO THE
INTEGRAL TECHNOLOGIES, INC. 2001 STOCK PLAN.

OPTIONEE:

OPTIONS GRANTED:

PURCHASE PRICE: \$ _____ per Share

DATE OF GRANT:

EXERCISE PERIOD: _____ to _____

<TABLE>

<CAPTION>

VESTING SCHEDULE:

OPTION ON

SHARES

DATE VESTED (ASSUMING CONTINUED EMPLOYMENT, ETC.)

<S>

<C>

<C>

</TABLE>

EXERCISED TO DATE: _____ INCLUDING THIS EXERCISE

BALANCE TO BE EXERCISED: _____

NOTICE OF EXERCISE
(TO BE SIGNED ONLY UPON EXERCISE OF THE OPTION)

TO: Integral Technologies, Inc. ("Optionor")

The undersigned, the holder of the Option described above, hereby irrevocably elects to exercise the purchase rights represented by such Option for, and to purchase thereunder, _____ shares of the Common Stock of Integral Technologies, Inc., and herewith makes payment of _____ therefor. Optionee requests that the certificates for such shares be issued in the name of Optionee and be delivered to Optionee at the address of _____, and if such shares shall not be all of the shares purchasable hereunder, represents that a new Notice of Exercise of like tenor for the appropriate balance of the shares, or a portion thereof, purchasable under the Grant of Option pursuant to the Integral Technologies, Inc. 2001 Stock Plan, be delivered to Optionor when and as appropriate.

OPTIONEE:

NOT FOR EXECUTION

Dated:
