

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

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE  
ACT OF 1934

FOR THE QUARTERLY PERIOD ENDED September 30, 2009.

OR

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

FOR THE TRANSITION FROM \_\_\_\_\_ TO \_\_\_\_\_.

COMMISSION FILE NUMBER 0-28353

INTEGRAL TECHNOLOGIES, INC.

(Exact Name of Registrant as Specified in its Charter)

Nevada  
(State or other jurisdiction of incorporation or organization)

98-0163519  
(I.R.S. 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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 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 registrant 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 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 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 in Rule 12b-2 of the Exchange Act). Yes  No

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

Indicate by check mark whether the registrant 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 September 15, 2009, there were 50,575,769 outstanding shares of the Registrant's Common Stock, \$0.001 par value.

**INTEGRAL TECHNOLOGIES, INC.**  
**September 30, 2009 QUARTERLY REPORT ON FORM 10-Q**

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**PART I**  
**FINANCIAL INFORMATION**

**ITEM 1. FINANCIAL STATEMENTS****INTEGRAL TECHNOLOGIES, INC.****(A Development Stage Company)****Consolidated Balance Sheet****(US Dollars)**

|   | September 30,<br>2009 | June 30,<br>2009  |
|---|-----------------------|-------------------|
|   | (Unaudited)           |                   |
| <b>Assets</b>   |                       |                   |
| <b>Current</b>  |                       |                   |
| Cash  | \$ 433,380            | \$ 535,231        |
| Prepaid expenses  | 9,783                 | 11,353            |
| <b>Total Assets</b>   | <b>\$ 443,163</b>     | <b>\$ 546,584</b> |
| <b>Liabilities</b>  |                       |                   |
| <b>Current</b>  |                       |                   |
| Accounts payable and accruals   | \$ 686,182            | \$ 661,792        |
| <b>Total Current Liabilities</b>  | <b>686,182</b>        | <b>661,792</b>    |
| <b>Stockholders' Deficit</b>  |                       |                   |
| <b>Preferred Stock and Paid-in Capital in Excess of \$0.001 Par Value</b> |                       |                   |
| 20,000,000 Shares authorized  |                       |                   |
| 308,538 (June 30, 2008 - 308,538) issued and outstanding                  | 308,538               | 308,538           |
| <b>Common Stock and Paid-in Capital in Excess of \$0.001 Par Value</b>    |                       |                   |
| 50,000,000 Shares authorized  |                       |                   |
| 50,575,769 (June 30, 2009 - 50,305,769) issued and outstanding            | 31,132,703            | 30,524,475        |
| <b>Promissory Notes Receivable</b>  | (29,737)              | (29,737)          |
| <b>Subscriptions Received</b>   | 219,500               | 0                 |
| <b>Other Comprehensive Income</b>   | 46,267                | 46,267            |
| <b>Deficit Accumulated During the Development Stage</b>                   | (31,920,290)          | (30,964,751)      |
| <b>Total Stockholders' Deficit</b>  | <b>(243,019)</b>      | <b>(115,208)</b>  |
| <b>Total Liabilities and Stockholders' Deficit</b>                        | <b>\$ 443,163</b>     | <b>\$ 546,584</b> |

See notes to consolidated financial statements.

**INTEGRAL TECHNOLOGIES, INC.**  
**(A Development Stage Company)**  
**Consolidated Statement of Operations**  
**(Unaudited)**  
**(US Dollars)**

|   | <b>Three Months Ended</b> |              | <b>Period from</b>    |
|---|---------------------------|--------------|-----------------------|
|   | <b>September 30,</b>      |              | <b>February 12,</b>   |
|   | <b>2009</b>               | <b>2008</b>  | <b>1996</b>           |
|   |                           |              | <b>(Inception) to</b> |
|   |                           |              | <b>September 30,</b>  |
|   |                           |              | <b>2009</b>           |
| <b>Revenue</b>  | \$ 0                      | \$ 0         | \$ 249,308            |
| <b>Cost of Sales</b>  | 0                         | 0            | 216,016               |
|   | 0                         | 0            | 33,292                |
| <b>Other Income</b>   | 72                        | 3,862        | 865,679               |
|   | 72                        | 3,862        | 898,971               |
| <b>Expenses</b>   |                           |              |                       |
| Consulting  | 441,610                   | 72,570       | 6,993,216             |
| Salaries and benefits   | 378,502                   | 158,558      | 10,065,791            |
| Legal and accounting  | 50,300                    | 48,013       | 4,454,059             |
| Research and development  | 28,395                    | 56,694       | 1,499,358             |
| General and administrative                                      | 19,813                    | 19,298       | 1,202,637             |
| Travel and entertainment  | 15,243                    | 15,263       | 1,372,523             |
| Rent  | 10,904                    | 12,182       | 498,574               |
| Telephone   | 5,372                     | 5,263        | 464,667               |
| Bank charges and interest, net                                  | 546                       | 2,344        | 205,834               |
| Advertising   | 0                         | 1,591        | 332,861               |
| Settlement of lawsuit   | 0                         | 0            | 45,250                |
| Remuneration pursuant to proprietary, non-competition agreement | 0                         | 0            | 711,000               |
| Financing fees  | 0                         | 0            | 129,043               |
| Write-off of investments  | 0                         | 0            | 1,250,000             |
| Interest on beneficial conversion feature                       | 0                         | 0            | 566,455               |
| Write-down of license and operating assets                      | 0                         | 0            | 1,855,619             |
| Bad debts   | 0                         | 0            | 46,604                |
| Amortization  | 0                         | 0            | 324,386               |
|   | 950,685                   | 391,776      | 32,017,877            |
| <b>Net Loss for Period</b>                                      | \$ (950,613)              | \$ (387,914) | \$ (31,118,906)       |
| <b>Net Loss Per Common Share</b>                                | \$ (0.02)                 | \$ (0.01)    |                       |
| <b>Weighted Average Number of Common Shares Outstanding</b>     | 50,308,769                | 45,714,969   |                       |

See notes to consolidated financial statements.

**INTEGRAL TECHNOLOGIES, INC.**  
**(A Development Stage Company)**  
**Consolidated Statements of Stockholders' Equity (Deficit)**  
**(US Dollars)**

|  | Shares of<br>Common<br>Stock<br>Issued | Common<br>Stock and<br>Paid-in<br>Capital<br>in Excess<br>of Par | Shares<br>of<br>Preferred<br>Stock<br>Issued | Preferred<br>Stock<br>and<br>Paid-in<br>Capital<br>in<br>Excess<br>of Par | Promissory<br>Notes<br>Receivable | Share<br>Subscriptions | Other<br>Comprehensive<br>Income | Deficit<br>Accumulated<br>During the<br>Development<br>Stage | Total<br>Stockholders'<br>Equity<br>(Deficit) |
|--|--|--|--|---|-----------------------------------|------------------------|----------------------------------|--|---|
| <b>Balance, June 30,<br/>2008</b>                          | 45,704,969                             | \$29,219,711   | 308,538                                      | \$ 308,538  | \$ (29,737)                       | \$ 276,500             | \$ 46,267                        | \$ (29,394,448)  | \$ 426,831                                    |
| <b>Shares Issued for</b>                                   |  |  |  |   |                                   |                        |                                  |  |   |
| Past services<br>(note 2(a))                               | 100,000                                | 60,500   | 0  | 0   | 0                                 | (46,500)               | 0                                | 0  | 14,000  |
| Subscription<br>received                                   | 4,500,800                              | 1,125,200  | 0  | 0   | 0                                 | (230,000)              | 0                                | 0  | 895,200                                       |
| Dividends on<br>preferred shares                           | 0                                      | 0  | 0  | 0   | 0                                 | 0                      | 0                                | (15,427)   | (15,427)                                      |
| Stock option<br>compensation                               | 0                                      | 119,064  | 0  | 0   | 0                                 | 0                      | 0                                | 0  | 119,064                                       |
| Net loss for period  | 0                                      | 0  | 0  | 0   | 0                                 | 0                      | 0                                | (1,554,876)  | (1,554,876)                                   |
| <b>Balance, June 30,<br/>2009</b>                          | 50,305,769                             | \$30,524,475   | 308,538                                      | \$ 308,538  | \$ (29,737)                       | 0                      | \$ 46,267                        | \$ (30,964,751)  | \$ (115,208)                                  |
| <b>Shares Issued for</b>                                   |  |  |  |   |                                   |                        |                                  |  |   |
| Past services<br>(note 2(a))                               | 270,000                                | 81,000   | 0  | 0   | 0                                 | 0                      | 0                                | 0  | 81,000  |
| Subscription<br>received                                   | 0                                      | 0  | 0  | 0   | 0                                 | 219,500                | 0                                | 0  | 219,500                                       |
| Dividends on<br>preferred shares                           | 0                                      | 0  | 0  | 0   | 0                                 | 0                      | 0                                | (4,926)  | (4,926)                                       |
| Stock based<br>compensation                                | 0                                      | 527,228  | 0  | 0   | 0                                 | 0                      | 0                                | 0  | 527,228                                       |
| Net loss for period  | 0                                      | 0  | 0  | 0   | 0                                 | 0                      | 0                                | (950,613)  | (950,613)                                     |
| <b>Balance,<br/>September 30,<br/>2009<br/>(unaudited)</b> | 50,575,769                             | \$31,132,703   | 308,538                                      | \$ 308,538  | \$ (29,737)                       | \$ 219,500             | \$ 46,267                        | \$ (31,920,290)  | \$ (243,019)                                  |

See notes to consolidated financial statements.

**INTEGRAL TECHNOLOGIES, INC.**  
**(A Development Stage Company)**  
**Consolidated Statement of Cash Flows**  
**(Unaudited)**  
**(US Dollars)**

|   | <b>Three Months Ended</b> |                   | <b>Period from</b>    |
|---|---------------------------|-------------------|-----------------------|
|   | <b>September 30,</b>      |                   | <b>February 12,</b>   |
|   | <b>2009</b>               | <b>2008</b>       | <b>1996</b>           |
|   |                           |                   | <b>(Inception) to</b> |
|   |                           |                   | <b>September 30,</b>  |
|   |                           |                   | <b>2008</b>           |
| <b>Operating Activities</b>                                       |                           |                   |                       |
| Net loss  | \$ (950,613)              | \$ (387,914)      | \$ (31,118,906)       |
| Items not involving cash  |                           |                   |                       |
| Write-down of investment  | 0                         | 0                 | 1,250,000             |
| Proprietary, non-competition agreement                            | 0                         | 0                 | 711,000               |
| Amortization  | 0                         | 0                 | 349,941               |
| Other income  | 0                         | 0                 | (658,305)             |
| Consulting services and financing fees                            | 81,000                    | 0                 | 1,618,783             |
| Stock based compensation  | 527,228                   | 28,476            | 6,360,586             |
| Interest on beneficial conversion feature                         | 0                         | 0                 | 566,456               |
| Settlement of lawsuit   | 0                         | 0                 | 60,250                |
| Write-down of license and operating assets                        | 0                         | 0                 | 1,853,542             |
| Bad debts   | 0                         | 0                 | 77,712                |
| <b>Changes in Non-Cash Working Capital</b>                        |                           |                   |                       |
| Due from affiliated company                                       | 0                         | 0                 | (116,000)             |
| Notes and account receivable                                      | 0                         | 0                 | (109,213)             |
| Inventory   | 0                         | 0                 | (46,842)              |
| Prepaid expenses  | 1,570                     | 5,781             | (9,782)               |
| Other   | 0                         | 0                 | (2,609)               |
| Accounts payable and accruals                                     | 19,464                    | (27,404)          | 938,828               |
| <b>Cash Used in Operating Activities</b>                          | <b>(321,351)</b>          | <b>(381,061)</b>  | <b>(18,274,559)</b>   |
| <b>Investing Activities</b>                                       |                           |                   |                       |
| Purchase of property, equipment and intangible assets             | 0                         | 0                 | (200,935)             |
| Assets acquired and liabilities assumed on purchase of subsidiary | 0                         | 0                 | (129,474)             |
| Investment purchase   | 0                         | 0                 | (2,000,000)           |
| License agreement   | 0                         | 0                 | (124,835)             |
| <b>Cash Used in Investing Activities</b>                          | <b>0</b>                  | <b>0</b>          | <b>(2,455,244)</b>    |
| <b>Financing Activities</b>                                       |                           |                   |                       |
| Redemption of preferred shares                                    | 0                         | 0                 | (50,000)              |
| Repayment of loan   | 0                         | 0                 | (11,000)              |
| Repayments to stockholders  | 0                         | 0                 | (91,283)              |
| Proceeds from Issuance of common stock                            | 0                         | 0                 | 19,095,670            |
| Advances from stockholders  | 0                         | 0                 | 1,078,284             |
| Share issue cost  | 0                         | 0                 | (227,420)             |
| Subscriptions received  | 219,500                   | 37,000            | 722,665               |
| Proceeds from convertible debentures                              | 0                         | 0                 | 600,000               |
| <b>Cash Provided by Financing Activities</b>                      | <b>219,500</b>            | <b>37,000</b>     | <b>21,116,916</b>     |
| <b>Effect of Foreign Currency Translation on Cash</b>             | <b>0</b>                  | <b>0</b>          | <b>46,267</b>         |
| <b>Inflow (Outflow) of Cash</b>                                   | <b>(101,851)</b>          | <b>(344,061)</b>  | <b>433,380</b>        |
| <b>Cash, Beginning of Period</b>                                  | <b>535,231</b>            | <b>1,104,104</b>  | <b>0</b>              |
| <b>Cash, End of Period</b>  | <b>\$ 433,380</b>         | <b>\$ 760,043</b> | <b>\$ 433,380</b>     |

See notes to consolidated financial statements.

**INTEGRAL TECHNOLOGIES, INC.**  
**(A Development Stage Company)**  
**Notes to Consolidated Financial Statements**  
**Three Months Ended September 30, 2009**  
**(Unaudited)**  
**(US Dollars)**

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**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, 2009 Form 10-K.

In the opinion of the Company's management, these consolidated financial statements reflect all adjustments necessary to present fairly the Company's consolidated financial position at September 30, 2009 and June 30, 2009 and the consolidated results of operations and cash flows for the three months ended September 30, 2009 and 2008. The results of operations for the three months ended September 30, 2009 and 2008 are not necessarily indicative of the results to be expected for the entire fiscal year.

**2. STOCKHOLDERS' EQUITY**

(a) Common stock

During the period ended September 30, 2009, the Company issued 270,000 shares as consideration for consulting services. The shares were issued at their quoted market price of \$0.30/share on the date of issuance

(b) Stock options

The following table summarizes the Company's stock option activity for the three-month period ended September 30, 2009:

|                             | Number<br>of Options | Price<br>Per Share | Weighted<br>Average<br>Exercise<br>Price |
|-----------------------------|----------------------|--------------------|--|
|                             |                      | 0.50 to \$         |  |
| Balance, June 30, 2009      | 3,370,000            | \$ 2.25            | \$ 1.21                                  |
| Granted                     | 3,500,000            | \$ 0.25            | \$ 0.25                                  |
|                             |                      | 0.65 to            |  |
| Expired                     | (745,000)            | \$ 1.16            | \$ 0.94                                  |
| Exercised                   | 0                    | \$ 0.00            | \$ 0.00                                  |
|                             |                      | 0.25 to \$         |  |
| Balance, September 30, 2009 | 6,125,000            | \$ 2.25            | \$ 0.69                                  |

**2. STOCKHOLDERS' EQUITY (Continued)**

(b) Stock options (Continued)

The following summarizes the options outstanding and exercisable, which were fully vested at these dates:

| Expiry Date              | Exercise Price        | Number of Options  |                  |
|--------------------------|-----------------------|--------------------|------------------|
|                          |                       | September 30, 2009 | June 30, 2009    |
| November 15, 2009        | \$ 1.00               | 100,000            | 100,000          |
| June 30, 2010            | \$ 0.50               | 1,000,000          | 1,000,000        |
| June 30, 2010            | \$ 2.25               | 1,000,000          | 1,000,000        |
|                          | 0.65 to               |                    |                  |
| August 31, 2010          | \$ \$1.10             | 110,000            | 855,000          |
| December 31, 2010        | \$ 1.00               | 415,000            | 415,000          |
| December 31, 2011        | \$ 0.25               | 2,500,000          | 0                |
| December 31, 2014        | \$ 0.25               | 1,000,000          | 0                |
| <b>Total outstanding</b> | 0.25 to \$<br>\$ 2.25 | <b>6,125,000</b>   | <b>3,370,000</b> |
| <b>Total exercisable</b> | 0.25 to \$<br>\$ 2.25 | <b>4,325,000</b>   | <b>3,370,000</b> |

(c) Stock purchase warrants

The following table summarizes the Company's stock purchase warrant activity for the three-month period ended September 30, 2009:

|                                    | Number of Warrants | Price Per Share | Weighted Average Exercise Price |
|------------------------------------|--------------------|-----------------|---------------------------------|
| Balance, June 30, 2009             | 4,500,800          | \$ 0.50         | \$ 0.50                         |
| Issued                             | 0                  | \$ 0.00         | \$ 0.00                         |
| Expired                            | 0                  | \$ 0.00         | \$ 0.00                         |
| <b>Balance, September 30, 2009</b> | <b>4,500,800</b>   | <b>\$ 0.50</b>  | <b>\$ 0.50</b>                  |

The following stock purchase warrants were outstanding:

| Expiry Date       | Exercise Price | Number of Warrants |               |
|-------------------|----------------|--------------------|---------------|
|                   |                | September 30, 2009 | June 30, 2009 |
| December 31, 2010 | \$ 0.50        | 4,500,800          | 4,500,800     |



**2. STOCKHOLDERS' EQUITY (Continued)**

(d) Stock based compensation

During the period ended September 30, 2009, the Company extended the expiry date from August 31, 2009 to August 31, 2010 of 110,000 options. These options have been re-measured resulting stock based compensation \$nil.

During the period ended September 30, 2009, the Company granted options totaling 3,500,000. This has resulted in non-cash compensation expense of \$527,228. As of September 30, 2009, the unrecorded deferred stock-based compensation balance related to those stock options was \$710,661 and will be recognized over an estimated weighed average amortization period of 1.18 years.

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

|                       |         |
|-----------------------|---------|
| Expected life (years) | 1-3     |
| Interest rate         | 1.02%   |
| Volatility            | 184.10% |
| Dividend yield        | 0.00%   |
| Forfeiture rate       | 0.00%   |

(e) Subscriptions received

During the period ended September 30, 2009, a total of \$219,500 was received for a subscription of 627,143 units at \$0.35 per unit, each unit consists of one share of common stock and one warrant. Each warrant entitles the holder to purchase one share of common stock on or before two years after the closing date at an exercise price of \$0.70 per share. To date, these units have not been issued.

**3. SUBSEQUENT EVENTS**

Subsequent events or transactions have been evaluated subsequent to the balance sheet date, but prior to November 12, 2009, the issuance date of these financial statements, for recognition or disclosure. The events requiring disclosure have been described in note 2.

## ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS AND PLAN OF OPERATIONS

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

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

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 September 30, 2009, we have accrued an accumulated deficit of approximately \$31.9 million.

At September 30, 2009, all of our assets were current assets of \$443,163 consisting of cash of \$433,380 and prepaid expenses of \$9,783. All of our property and equipment has been fully depreciated.

At September 30, 2009, all of our liabilities were current liabilities of \$686,182, consisting of accounts payable and accruals. Of this amount, payables for legal fees (including associated filing fees) related to patent filings accounted for approximately \$535,000 of the total.

At September 30, 2009, total stockholder's deficit was \$243,019.

### Results of Operations for the Three Months Ended September 30, 2009 compared to the Three Months Ended September 30, 2008

Our net loss for the quarter ended September 2009, was \$950,613, compared to a net loss of \$387,914 for the corresponding period of the prior fiscal year, an increase of \$562,699 which was primarily a result of an increase in stock based compensation of \$527,228.

Total expenses for the quarter ended September 30, 2009, was \$950,685 compared to total expenses of \$391,776 for the corresponding period of the prior fiscal year, an increase of \$558,909 which was primarily a result of an increase in stock based compensation of \$527,228.

Total income for the quarter ended September 30, 2009, was comprised of "other income" of \$72 compared to "other income" of \$3,862 for the corresponding period of the prior fiscal year, a decrease of \$3,790. The category of "other income" consists of interest income and nominal license fees.

Consulting expenses during the quarter ended September 30, 2009, were \$441,610 which included non-cash, issuance of shares in consideration for consulting services in the amount of \$81,000 (representing the market value of the shares at the date when the shares were to be issued) and \$257,058 for non-cash stock based compensation charges for the granting of options. In the corresponding period of the prior fiscal year, consulting expenses were \$72,570, which included non-cash, stock based compensation charges of \$12,945.

Salaries and benefits expenses during the quarter ended September 30, 2009, were \$378,502 which included non-cash, stock based compensation charges (for the extension of the expiry date of options and the granting of options) of \$270,170. In the corresponding period of the prior fiscal year, salaries and benefits expenses were \$158,558, which included non-cash, stock based compensation charges of \$15,531.

Research and development costs of \$28,395 during the quarter ended September 30, 2009, are attributable to refining the manufacturing process of our ElectriPlast™ material. In the corresponding period of the prior fiscal year, the amount expensed under this category was \$56,694.

For the three months ended September 30, 2009, our cash used in operating activities was \$321,351 compared to \$381,061 used in the corresponding period of the prior fiscal year for a decrease of \$59,710.

For the three months ended September 30, 2009, our cash provided by financing activities was \$219,500 compared to \$37,000 provided in the corresponding period of the prior fiscal year. The difference of \$182,500 was due to subscriptions received during the three months ended September 30, 2009, for the private placement of equity securities.

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

**Results of Operations for the Three Months Ended September 30, 2009 compared to the Three Months Ended September 30, 2008**  
(Continued)

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

Since inception we have funded our operations through capital fundraising and loans from management.

As of September 30, 2009, we had \$433,380 in cash on hand. Accordingly, management believes that there is adequate cash on hand to fund operations over the next 3 months and additional equity funding will be required thereafter.

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

Presently, we are focusing the majority of our resources on the researching, developing and commercializing of our ElectriPlast™ technologies. Our business strategy focuses on leveraging our intellectual property rights and our strengths in product design and material innovation. We are focusing our marketing efforts on securing licensing agreements for applications of our ElectriPlast™ technologies with manufacturers of products which would benefit from the incorporation of any of the ElectriPlast™ applications.

ElectriPlast™ is an innovative, electrically-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, and is non-corrosive, but which is as electrically conductive as if it were metal.

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

#### **Patents/Trademarks on Technologies**

Our intellectual property portfolio consists of over eleven years of accumulated research and design knowledge and trade secrets. We have sought U.S. patent protection for many of our ideas related to our ElectriPlast™ technologies. Currently, we have filed 118 U.S. patent applications, 42 of which have been issued and 76 of which have been filed and are pending approval. No assurances can be given that all patent applications will be approved; however, to the extent that patents are not granted, we will continue to attempt to commercialize these technologies without the protection of patents. As patents are issued, we will have the exclusive right to use in the U.S. the design(s) described in each issued patent for the 18-year life of the patent.

Of the aforementioned 76 U.S. patent applications which have been filed, 52 have been rejected and 24 have received a non final rejection. Certain patent applications have been rejected by the patent office due to more stringent requirements implemented by the patent office over 18 months ago. The company has elected not to appeal those patent application rejected as the contents of those rejected applications have been incorporated into subsequent applications.

Recent developments in the law increase the challenge of obtaining US patent protection. In particular, the Supreme Court's decision in *KSR v. Teleflex* (2007) makes it easier for the USPTO to sustain obviousness rejections. As a result, the USPTO is now more likely to reject applications by combining elements from the prior art – even where no motivation to combine can be shown in the art references. This new approach affects all applicants, including Integral Technologies, Inc., and has reduced the rate of patent issues. Nevertheless, Integral Technology, Inc., continues to pursue intellectual property protection through its patent and trademark portfolio while constantly evaluating its filings to judiciously apply resources to the most critical technologies.

While the number of rejections has been significant for reasons mentioned in the previous paragraph, we maintain patents on the core technology and over 40 applications thereon.

We have also filed trademark applications with the U.S. Trademark Office for “ElectriPlast™” and related names such as “ElectriPonix™” and “ElectriOnix™”.

Summary descriptions of our manufacturing agreement with Jasper Rubber Products, Inc. and our various patent license agreements are included in our annual report on Form 10-K for the year ended June 30, 2009.

## **Patents/Trademarks on Technologies** (Continued)

We are not in the manufacturing business. Our manufacturing agreement with Jasper Rubber Products, Inc. provides for Jasper to manufacture ElectriPlast™ for us.

After twenty-three months of refining the manufacturing and molding process of ElectriPlast™, the Jasper facility is now capable of producing over 50,000 pounds of ElectriPlast™ pellets per month. We have entered into patent license agreements with several companies, as summarized below, and we are in the process of producing prototypes of requested applications of ElectriPlast™ for these companies as well as other prospective customers.

In addition to its manufacturing capabilities, Jasper has a distribution network throughout the US and Canada, allowing for ElectriPlast™ to be introduced to prospective customers and delivered to customers.

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

## **Recent Accounting Pronouncements**

### *Codification*

In June 2009, the FASB issued SFAS No. 168, “The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles, a replacement of SFAS No. 162” (the Codification). The Codification will be the single source of authoritative nongovernmental U.S. accounting and reporting standards, superseding existing FASB, AICPA, EITF and related literature. The Codification eliminates the hierarchy of generally accepted accounting principles (“GAAP”) contained in SFAS No. 162 and establishes one level of authoritative GAAP. All other literature is considered non-authoritative. This Statement is effective for financial statements issued for interim and annual periods ending after September 15, 2009, which for the Company would be September 30, 2009. There was no change to our consolidated financial statements upon adoption. All accounting references have been updated. SFAS references have been replaced with Accounting Standard Codification (“ASC”) references.

### *Fair Value Measurements*

Effective January 1, 2008, the Company adopted ASC 825, which permits entities to choose to measure many financial instruments and certain other items at fair value that are not currently required to be measured at fair value. The adoption of ASC 825 did not have a material impact on the consolidated financial statements.

In April 2009, the FASB issued ASC 825-10. ASC 825-10 extends disclosure requirements to interim period financial statements, in addition to the existing requirements for annual periods and disclosure of the methods and significant assumptions used to estimate fair value. ASC 825-10 is effective for interim and annual periods ending after June 15, 2009. The adoption of ASC 825-10 did not have a material impact on the consolidated financial statements.

### *Subsequent Events*

In May 2009, the FASB issued ASC 855. ASC 855 is intended to establish general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. It requires the disclosure of the date through which an entity has evaluated subsequent events and the basis for that date—that is, whether that date represents the date the financial statements were issued or were available to be issued. ASC 855 is effective for interim and annual periods ending after June 15, 2009 and shall be applied prospectively. The adoption of ASC 855 did not have a material impact on our consolidated financial statements.

### *Revenue Recognition*

In September 2009, the Emerging Issues Task Force (“EITF”) reached a consensus on ASC 605-25. ASC 605-25 eliminates the criterion for objective and reliable evidence of fair value for the undelivered products or services. Instead, revenue arrangements with multiple deliverables should be divided into separate units of accounting if the deliverables meet both of the following criteria:

- The delivered items have value to the customer on a standalone basis; and
- If the arrangement includes a general right of return relative to the delivered items, delivery or performance of the undelivered items is considered probable and substantially in the control of the vendor.

**Recent Accounting Pronouncements (Continued)**

*Revenue Recognition (Continued)*

ASC 605-25 eliminates the use of the residual method of allocation and requires, instead, that arrangement consideration be allocated, at the inception of the arrangement, to all deliverables based on their relative selling price (i.e., the relative selling price method). When applying the relative selling price method, a hierarchy is used for estimating the selling price for each of the deliverables, as follows:

- VSOE of the selling price;
- Third-party evidence (TPE) of the selling price – prices of the vendor’s or any competitor’s largely interchangeable products or services, in standalone sales to similarly situated customers; and
- Best estimate of the selling price.

In September 2009, the EITF reached a consensus on ASC 985-605. Entities that sell joint hardware and software products that meet the scope exception (i.e., essential functionality) will be required to follow the guidance in ASC 985-605. ASC 985-605 provides a list of items to consider when determining whether the software and non-software components function together to deliver a product’s essential functionality.

ASC 985-605 must be adopted for arrangements entered into beginning January 1, 2011, and may be early-adopted. The Company is currently evaluating the impact of adopting ASC 985-605 and ASC 605-25 on our consolidated financial statements.

**ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.**

N/A.

**ITEM 4T. CONTROLS AND PROCEDURES.**

**Evaluation of Disclosure Controls and Procedures**

Our management is responsible for establishing and maintaining a system of disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) that is designed to ensure that information required to be disclosed by the Company in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time specified in the Commission’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by an issuer in the reports that it files or submits under the Exchange Act is accumulated and communicated to the issuer’s management, including its principal executive officer or officers and principal financial officer or officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Pursuant to Rule 13a-15(b) under the Exchange Act the Company carried out an evaluation with the participation of the Company’s management, including William S. Robinson, our Chief Executive Officer (“CEO”) and William A. Ince, our Company’s Chief Financial Officer (“CFO”), of the effectiveness of the Company’s disclosure controls and procedures (as defined under Rule 13a-15(e) under the Exchange Act) as of the period ended September 30, 2009. Based upon that evaluation, the Company’s CEO and CFO concluded that the Company’s disclosure controls and procedures are effective to ensure that information required to be disclosed by the Company in the reports that the Company files or submits under the Exchange Act, is recorded, processed, summarized and reported, within the time periods specified in the SEC’s rules and forms, and that such information is accumulated and communicated to the Company’s management, including the Company’s CEO and CFO, as appropriate, to allow timely decisions regarding required disclosure.

**Changes in internal controls**

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, performed an evaluation as to whether any change in our internal controls over financial reporting occurred during the quarter ended September 30, 2009. Based on that evaluation, our Chief Executive Officer and our Chief Financial Officer concluded that no change occurred in the Company’s internal controls over financial reporting during the quarter ended September 30, 2009 that has materially affected, or is reasonably likely to materially affect, the Company’s internal controls over financial reporting.

## PART II

### OTHER INFORMATION COMPANY CONFIRM OR UPDATE AS NEEDED

#### ITEM 1 - LEGAL PROCEEDINGS

We are not a party to any pending legal proceeding, nor is our property the subject of a pending legal proceeding, that is not in the ordinary course of business or otherwise material to the financial condition of our business. None of our directors, officers or affiliates is involved in a proceeding adverse to our business or has a material interest adverse to our business.

#### ITEM 1A. RISK FACTORS

There have been no material changes from the Risk Factors described in our Annual Report on Form 10-K for the fiscal year ended June 30, 2009.

#### ITEM 2 - UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

#### ITEM 3 - DEFAULTS UPON SENIOR SECURITIES

None.

#### ITEM 4 - SUBMISSION OF MATTERS TO VOTE OF SECURITY HOLDERS

None.

#### ITEM 5 - OTHER INFORMATION

None.

#### ITEM 6. Exhibits

|      |   |
|------|---|
| 31.1 | Certification by Chief Executive Officer, required by Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act  |
| 31.2 | Certification by Chief Financial Officer, required by Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act  |
| 32.1 | Certification by Chief Executive Officer, required by Rule 13a-14(b) or Rule 15d-14(b) of the Exchange Act and Section 1350 of Chapter 63 of Title 18 of the United States Code |
| 32.2 | Certification by Chief Financial Officer, required by Rule 13a-14(b) or Rule 15d-14(b) of the Exchange Act and Section 1350 of Chapter 63 of Title 18 of the United States Code |

### SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

DATE: November 16, 2009

#### Integral Technologies, Inc.

By: /s/ William S. Robinson  
William S. Robinson, Chief Executive Officer  
and Principal Executive Officer

By: /s/ William A. Ince  
William A. Ince, Chief Financial Officer and  
Principal Accounting Officer

Date: November 16, 2009

EXHIBIT INDEX

|                      |   |
|----------------------|---|
| <a href="#">31.1</a> | Certification by Chief Executive Officer, required by Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act  |
| <a href="#">31.2</a> | Certification by Chief Financial Officer, required by Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act  |
| <a href="#">32.1</a> | Certification by Chief Executive Officer, required by Rule 13a-14(b) or Rule 15d-14(b) of the Exchange Act and Section 1350 of Chapter 63 of Title 18 of the United States Code |
| <a href="#">32.2</a> | Certification by Chief Financial Officer, required by Rule 13a-14(b) or Rule 15d-14(b) of the Exchange Act and Section 1350 of Chapter 63 of Title 18 of the United States Code |





**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER  
PURSUANT TO SECTION 302 OF THE  
SARBANES-OXLEY ACT OF 2002**

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

1. I have reviewed this quarterly report on Form 10-Q of Integral Technologies, Inc. for the period ended September 30, 2009;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer 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 controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

- a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
- b) 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 registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
- d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):

- a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
- b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Dated: November 16, 2009

By: /s/ William S. Robinson  
William S. Robinson  
Chief Executive Officer (principal executive officer)



**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER  
PURSUANT TO SECTION 302 OF THE  
SARBANES-OXLEY ACT OF 2002**

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

1. I have reviewed this quarterly report on Form 10-Q of Integral Technologies, Inc. for the period ended September 30, 2009;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer 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 controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) 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 registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):
  - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Dated: November 16, 2009

By: /s/ William A. Ince  
William A. Ince  
Chief Financial Officer (principal financial officer)



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

Solely for the purposes of complying with, and the extent required by 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned certifies, in his capacity as the Chief Executive Officer of Integral Technologies, Inc., that, to his knowledge, the quarterly report of the company on Form 10-Q for the period ended September 30, 2009 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in the report fairly presents, in all material respects, the company's financial condition and results of operations.

November 16, 2009

/s/ William S. Robinson

William S. Robinson, Chief Executive Officer (principal executive officer)



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

Solely for the purposes of complying with, and the extent required by 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned certifies, in his capacity as the Chief Financial Officer of Integral Technologies, Inc., that, to his knowledge, the quarterly report of the company on Form 10-Q for the period ended September 30, 2009, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in the report fairly presents, in all material respects, the company's financial condition and results of operations.

November 16, 2009

/s/ William A. Ince

William A. Ince, Chief Financial Officer (principal financial officer)

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