
**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 March 31, 2014.

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 ☒

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date: As of March 31, 2014, there were 84,290,922 outstanding shares of the Registrant's Common Stock, \$0.001 par value.

INTEGRAL TECHNOLOGIES, INC.
March 31, 2014 QUARTERLY REPORT ON FORM 10-Q

TABLE OF CONTENTS

	Page
PART I - FINANCIAL INFORMATION	
Item 1. Financial Statements	
Consolidated Balance Sheets	F-1
Consolidated Statement of Operations	F-2
Consolidated Statement of Stockholders' Deficit	F-3
Consolidated Statement of Cash Flows	F-4
Notes to Consolidated Financial Statements	F-5
Item 2. Management's Discussion and Analysis and Results of Operations	1
Item 3. Quantitative and Qualitative Disclosure About Market Risk	4
Item 4. Controls and Procedures	5
PART II - OTHER INFORMATION	
Item 1. Legal Proceedings	6
Item Risk Factors	
1A	6
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	6
Item 3. Defaults Upon Senior Securities	6
Item 4. Mine Safety Disclosures	6
Item 5. Other Information	6
Item 6 Exhibits	7
SIGNATURES	8

PART I
FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

INTEGRAL TECHNOLOGIES, INC.

(A Development Stage Company)

Consolidated Balance Sheets

(US Dollars)

	March 31, 2014	June 30, 2013
	(Unaudited)	
Assets		
Current		
Cash	\$ 755,971	\$ 532,308
Prepaid expenses	46,106	20,232
Account receivable (note 14)	0	250,000
Total Assets	\$ 802,077	\$ 802,540
Liabilities		
Current		
Accounts payable and accruals (note 15)	\$ 943,930	\$ 2,270,727
Loan payable (note 16)	52,323	0
Promissory notes payable (note 13)	65,000	0
Deferred liability (note 14)	25,000	25,000
Convertible debentures (note 12)	217,846	174,827
Derivative financial liabilities (note 12)	271,957	414,102
Redeemable preferred stock (notes 5 and 15)	170,000	180,000
Total Current Liabilities	1,746,056	3,064,656
Promissory Notes Payable (note 13)	450,000	0
Deferred Liability (note 14)	206,250	225,000
Redeemable Preferred Stock (notes 5 and 15)	0	120,000
Total Liabilities	2,402,306	3,409,656
Stockholders' Deficit (note 5)		
Preferred Stock and Paid-in Capital in Excess of \$0.001 Par Value		
20,000,000 shares authorized 308,538 issued and outstanding (notes 5 and 15)	237,950	237,950
Common Stock and Paid-in Capital in Excess of \$0.001 Par Value		
150,000,000 shares authorized 84,290,922 (June 30, 2013 – 76,748,839) issued and outstanding	43,663,055	41,204,935
Promissory Notes Receivable (note 5)	0	(29,737)
Share Subscriptions and Obligations to Issue Shares (notes 5, 13, and 15)	1,982,034	13,400
Accumulated Other Comprehensive Income	46,267	46,267
Deficit Accumulated During the Development Stage	(47,529,535)	(44,079,931)
Total Stockholders' Deficit	(1,600,229)	(2,607,116)
Total Liabilities and Stockholders' Deficit	\$ 802,077	\$ 802,540

See notes to consolidated financial statements.

[Table of Contents](#)

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

	Three Months Ended March 31,		Nine Months Ended March 31,		Period from February 12, 1996 (Inception) to March 31, 2014
	2014	2013	2014	2013	2014
Revenue	\$ 0	\$ 0	\$ 0	\$ 0	\$ 249,308
Cost of Sales	0	0	0	0	216,016
	0	0	0	0	33,292
Other Income	6,306	74	19,028	187	888,680
	6,306	74	19,028	187	921,972
Expenses					
Consulting	175,078	332,098	1,625,434	1,558,999	15,254,099
Legal and accounting	22,771	33,707	232,161	269,093	12,144,310
Salaries and benefits	218,727	55,000	328,727	220,000	5,745,024
Research and development (note 10)	9,616	(20,298)	53,244	63,397	2,348,779
General and administrative	64,032	56,059	163,465	169,019	1,971,271
Travel and entertainment	47,473	33,055	102,192	111,455	1,904,194
Bank charges and interest, net	154,853	22,985	391,629	83,373	803,705
Rent	7,639	13,215	46,041	51,021	768,039
Termination agreement settlement (note 15)	675,000	0	675,000	0	675,000
Telephone	2,748	5,860	10,116	21,558	570,501
Advertising	21,885	2,875	34,337	10,375	403,898
Fair value loss (recovery) on derivative financial liabilities (note 12)	15,205	(9,713)	25,777	54,745	435,640
Net gain on settlement of convertible debenture (note 12)	0	0	(32,432)	(26,189)	(58,621)
Gain on extinguishment of debt, net (note 15)	(150,367)	(355,022)	(198,654)	(355,022)	(444,676)
Write-down of license and operating assets	0	0	0	0	1,855,619
Write-off of investments	0	0	0	0	1,250,000
Non-competition agreement	0	0	0	0	711,000
Interest on beneficial conversion feature	0	0	0	0	566,455
Bad debts (note 5)	0	0	0	0	46,604
Financing fees	0	0	0	0	129,043
Settlement of lawsuit	0	0	0	0	45,250
Amortization	0	0	0	0	324,386
	1,264,660	169,821	3,457,037	2,231,824	47,449,520
Net Loss for Period	\$ (1,258,354)	\$ (169,747)	\$ (3,438,009)	\$ (2,231,637)	\$ (46,527,548)
Basic and Diluted Loss Per Share (note 9)	\$ (0.02)	\$ (0.01)	\$ (0.04)	\$ (0.03)	
Weighted Average Number of Common Shares Outstanding	81,015,996	68,396,760	78,118,446	66,596,785	

See notes to consolidated financial statements.

written off (note 5)	0	(29,737)	0	0	29,737	0	0	0	0
Obligation to issue shares (notes 5, 13 and 15)	0	0	0	0	0	835,010	0	0	835,010
Net loss for period	0	0	0	0	0	0	0	(3,438,009)	(3,438,009)
Balance, March 31, 2014 (Unaudited)	84,290,922	\$43,663,055	308,538	\$237,950	\$ 0	\$ 1,982,034	\$ 46,267	\$ (47,529,535)	\$ (1,600,229)

See notes to consolidated financial statements.

[Table of Contents](#)

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

	Nine Months Ended March 31,		Period from February 12, 1996 (Inception) to March 31, 2014
	2014	2013	2014
Operating Activities			
Net loss	\$ (3,438,009)	\$ (2,231,637)	\$(46,527,548)
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	(18,750)	0	(677,055)
Consulting services	778,333	349,125	3,887,998
Stock-based compensation	100,076	307,968	8,141,037
Interest on derivative financial liability	364,237	71,529	531,739
Obligation to issue shares (notes 13 and 15)	705,010	0	705,010
Fair value loss on derivative financial liabilities	25,777	54,745	435,640
Net gain on settlement of convertible debentures	(32,432)	(26,189)	(58,621)
Gain on extinguishment of debt, net (note 15)	(198,654)	(355,022)	(444,676)
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 (note 5)	0	0	77,712
Changes in non-cash working capital (note 8)	217,683	399,465	3,040,579
Net Cash Used in Operating Activities	(1,496,729)	(1,430,016)	(26,096,996)
Investing Activities			
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)
Net Cash Used in Investing Activities	0	0	(2,455,244)
Financing Activities			
Redemption of preferred stock	0	0	(50,000)
Repayment of loan	(9,151)	0	(20,151)
Repayment of promissory notes	(90,000)	(123,696)	(213,696)
Proceeds from promissory notes	60,000	0	60,000
Repayments to stockholders	0	0	(91,283)
Loan payable	0	31,708	0
Proceeds from issuance of common stock	325,273	1,599,670	25,847,961
Advances from stockholders	0	0	1,078,284
Share issue costs	0	(199,910)	(629,991)
Subscriptions received	1,147,024	0	1,866,439
Proceeds from convertible debentures	345,000	240,000	1,593,000
Repayment of convertible debentures	(57,754)	(120,865)	(178,619)
Net Cash Provided by Financing Activities	1,720,392	1,426,907	29,261,944
Effect of Foreign Currency Translation on Cash	0	0	46,267
Inflow (Outflow) of Cash	223,663	(3,109)	755,971
Cash, Beginning of Period	532,308	172,173	0
Cash, End of Period	\$ 755,971	\$ 169,064	\$ 755,971

Supplemental Disclosure of Cash Flow Information (note 8)

See notes to consolidated financial statements.

INTEGRAL TECHNOLOGIES, INC.
(A Development Stage Company)
Notes to Consolidated Financial Statements
Nine Months Ended March 31, 2014
(Unaudited)
(US Dollars)

1. NATURE OF OPERATIONS

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

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

2. BASIS OF PRESENTATION

These unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States (“US GAAP”) 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 for the year ended June 30, 2013, filed as part of the Company’s June 30, 2013 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 March 31, 2014 and June 30, 2013, the consolidated results of operations for the three and nine months ended March 31, 2014 and 2013 and the consolidated cash flows for the nine months ended March 31, 2014 and 2013. The results of operations and cash flows for the three and nine months ended March 31, 2014 and 2013 are not necessarily indicative of the results to be expected for the entire fiscal year.

3. USE OF ESTIMATES

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

4. GOING CONCERN

These unaudited consolidated financial statements have been prepared on a going concern basis, which assumes the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the ordinary course of business. The Company’s operations have resulted in a net loss of \$3,438,009 for the nine months ended March 31, 2014 (nine months ended March 31, 2013 - \$2,231,637), and an accumulated deficit of \$47,529,535 (year ended June 30, 2013 - \$44,079,931) and a working capital deficiency of \$943,979 as at March 31, 2014 (June 30, 2013 - \$2,262,116). The Company has not yet commenced revenue-producing operations and has significant expenditure requirements to continue to advance research, developing and commercializing new antenna technologies. The Company estimates that, without further funding, it will deplete its cash resources within three months. These factors raise substantial doubt about the Company’s ability to continue as a going concern.

INTEGRAL TECHNOLOGIES, INC.
(A Development Stage Company)
Notes to Consolidated Financial Statements
Nine Months Ended March 31, 2014
(Unaudited)
(US Dollars)

4. GOING CONCERN (Continued)

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

5. STOCKHOLDERS' DEFICIT

(a) Preferred stock

Cumulative dividends on preferred stock are accrued at a rate of 5% annually, payable at the option of the Company. Each holder has the right to convert preferred shares into common stock at the average trading price ten days prior to conversion. The Company has the right to redeem the preferred shares from the date of issue as follows:

Within one year	\$	1.50
2 nd year	\$	2.00
3 rd year	\$	2.50
4 th year	\$	3.00
5 th year	\$	3.50
6 th year	\$	4.00
increasing \$0.50 per year thereafter.		

On November 8, 2012, a director of the Company resigned from his position as director and CEO of the Company. The Company agreed to redeem 70,588 shares of preferred stock held by the director at \$4.25 per share for a total of \$300,000 (note 15(a)). As a result, this amount was reclassified and recorded as a liability. On January 15, 2014 the Company entered an amended agreement to settle a portion of the redemption value by issuing 481,482 shares of common stock measured at a fair value of \$0.27 per share measured on the date of the amendment. A total of \$130,000 was reclassified from redeemable preferred stock recorded as liability to obligations to issue shares. As at March 31, 2014, no shares have been issued and no preferred stock has been redeemed.

(b) Common stock

During the nine months ended March 31, 2014, the Company completed two private placements:

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

INTEGRAL TECHNOLOGIES, INC.
(A Development Stage Company)
Notes to Consolidated Financial Statements
Nine Months Ended March 31, 2014
(Unaudited)
(US Dollars)

5. STOCKHOLDERS' DEFICIT (Continued)

(b) Common stock (Continued)

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

During the nine months ended March 31, 2014, the Company issued shares of common stock pursuant to consulting agreements as follows:

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

During the nine months ended March 31, 2014, the Company issued 541,666 shares of common stock for options vesting prior to the termination agreement (note 15(b)). The shares issued were measured at a fair value of \$0.44 per share and recorded as shares issued for services in share capital.

(c) Stock-based compensation

During the nine months ended March 31, 2014, the Company recorded stock-based compensation expense with respect to vested stock options and warrants and modified stock options of \$100,076 (nine months ended March 31, 2013 - \$307,968) included in consulting fees.

Stock-based compensation not yet recognized at March 31, 2014 relating to non-vested stock options and warrants was \$nil and \$nil (June 30, 2013 - \$71,227 and \$12,662), which will be recognized over a weighted average period of nil years (2013 - 0.59 and 0.27 years), respectively.

(d) Stock options

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

	Number of Options	Price Per Option	Weighted Average Exercise Price
		0.25 to \$	
Outstanding, June 30, 2013	5,900,000	\$ 1.00	\$ 0.43
Granted	200,000	\$ 0.50	\$ 0.50
Cancelled	(500,000)	\$ 0.50	\$ 0.50
Forfeited	(100,000)	\$ 0.50	\$ 0.50
		0.25 to \$	
Outstanding, March 31, 2014	5,500,000	\$ 1.00	\$ 0.42
		0.25 to \$	
Exercisable, March 31, 2014	5,425,000	\$ 1.00	\$ 0.41

INTEGRAL TECHNOLOGIES, INC.
(A Development Stage Company)
Notes to Consolidated Financial Statements
Nine Months Ended March 31, 2014
(Unaudited)
(US Dollars)

5. STOCKHOLDERS' DEFICIT (Continued)

(d) Stock options (Continued)

The following summarizes the options outstanding and exercisable:

Expiry Date	Exercise Price	Number of Options	
		March 31, 2013	June 30, 2013
March 9, 2014	\$ 0.25	125,000	125,000
June 1, 2014	\$ 0.85	100,000	100,000
July 31, 2014	\$ 1.00	415,000	415,000
October 15, 2014	\$ 0.50	100,000	100,000
November 15, 2014 ⁽¹⁾	\$ 1.00	100,000	100,000
December 1, 2014	\$ 0.50	75,000	75,000
December 1, 2014	\$ 0.85	100,000	100,000
December 31, 2014 ⁽²⁾	\$ 1.00	110,000	110,000
December 31, 2014 ⁽³⁾	\$ 0.25	1,500,000	1,500,000
April 15, 2015	\$ 0.50	100,000	100,000
June 1, 2015	\$ 0.50	75,000	75,000
June 1, 2015	\$ 0.85	100,000	100,000
October 15, 2015	\$ 0.50	0	100,000
December 1, 2015	\$ 0.50	75,000	75,000
December 1, 2015	\$ 0.85	100,000	100,000
April 15, 2016	\$ 0.50	0	100,000
June 1, 2016	\$ 0.50	75,000	75,000
June 1, 2016	\$ 0.85	100,000	100,000
June 30, 2016	\$ 0.25	2,000,000	2,000,000
October 15, 2016	\$ 0.50	0	100,000
December 1, 2016	\$ 0.50	75,000	75,000
December 1, 2016	\$ 0.85	100,000	100,000
April 15, 2017	\$ 0.50	0	100,000
June 1, 2017	\$ 0.50	75,000	75,000
Total outstanding		5,500,000	5,900,000
Total exercisable		5,425,000	5,450,000

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

INTEGRAL TECHNOLOGIES, INC.
(A Development Stage Company)
Notes to Consolidated Financial Statements
Nine Months Ended March 31, 2014
(Unaudited)
(US Dollars)

5. STOCKHOLDERS' DEFICIT (Continued)

(d) Stock options (Continued)

The weighted average remaining contractual lives for options outstanding and exercisable at March 31, 2014 are 1.37 years (June 30, 2013 - 1.75 and 1.18 years), respectively.

The aggregate intrinsic value of options outstanding and exercisable as at March 31, 2014 was \$145,000 (2013 - \$326,250). The aggregate intrinsic values exclude options having a negative aggregate intrinsic value due to awards with exercise prices greater than market value. The intrinsic value is the difference between the market value of the shares and the exercise price of the award.

(e) Stock purchase warrants

Pursuant to a consulting agreement dated July 17, 2012, the Company issued 300,000 share purchase warrants to a consultant for a period of two years. The warrants vested 50% on July 17, 2012, 25% on January 17, 2013 and 25% July 17, 2013. During the nine months ended March 31, 2014, 75,000 warrants vested. No warrants remain unvested.

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

	Number of Warrants	Price Per Share	Weighted Average Exercise Price
Balance, June 30, 2012	15,035,660		\$ 0.67
Issued	19,930,899	0.31 to \$ \$ 0.70	\$ 0.59
Balance, June 30, 2013	34,966,559		\$ 0.58
Issued	232,757	0.50 to \$ \$ 0.60	\$ 0.56
Expired	(5,163,571)	0.70 to \$ \$ 1.00	\$ 0.72
Exercised ⁽¹⁾	(1,743,030)	\$ 0.17	\$ 0.17
Balance, March 31, 2014	28,292,715	0.31 to \$ \$ 0.70	\$ 0.45

(1) During the nine month period ended March 31, 2014, 1,076,363 investor warrants exercisable at \$0.50 and 666,667 investor warrants exercisable at \$0.60 were re-priced to \$0.17 and were exercised.

INTEGRAL TECHNOLOGIES, INC.
(A Development Stage Company)
Notes to Consolidated Financial Statements
Nine Months Ended March 31, 2014
(Unaudited)
(US Dollars)

5. STOCKHOLDERS' DEFICIT (Continued)

(e) Stock purchase warrants (Continued)

Expiry Date	Exercise Price	Number of Warrants	
		March 31, 2014	June 30, 2013
December 31, 2013 ⁽¹⁾	\$ 0.50	0	3,710,000
December 31, 2013 ⁽²⁾	\$ 0.70	0	3,963,152
December 31, 2013 ⁽³⁾	\$ 1.00	0	1,558,929
December 29, 2013	\$ 0.70	0	311,428
January 3, 2014	\$ 0.70	0	856,692
January 31, 2014	\$ 0.70	0	2,360,459
February 14, 2014	\$ 0.70	0	300,000
February 28, 2014	\$ 0.70	0	21,421
March 31, 2014	\$ 0.57	0	1,675,000
May 31, 2014 ^{(1), (3)}	\$ 0.50	1,165,814	0
July 17, 2014	\$ 0.31	300,000	300,000
August 31, 2014	\$ 0.60	2,129,999	2,796,666
August 31, 2014 ⁽²⁾	\$ 0.70	999,708	799,708
September 30, 2014	\$ 0.50	926,604	926,604
January 31, 2015	\$ 0.50	4,150,000	4,150,000
February 28, 2015 ^{(2), (3)}	\$ 0.50	5,145,570	4,936,500
May 25, 2015 ^{(1), (2)}	\$ 0.50	12,942,263	6,000,000
July 31, 2015	\$ 0.50	88,000	0
September 13, 2015	\$ 0.60	144,757	0
November 29, 2016	\$ 0.70	300,000	300,000
Total outstanding		28,292,715	34,966,559
Total exercisable		28,292,715	34,891,559

- (1) During the nine month period ended March 31, 2014, the expiry date of 670,000 warrants was extended from December 31, 2013 to May 25, 2015 and 1,028,000 warrants was extended to May 31, 2014.
- (2) During the nine month period ended March 31, 2014, the expiry date of 200,000 warrants was extended from December 31, 2013 to August 31, 2014, 71,429 warrants extended to May 25, 2015 and re-priced to \$0.50 and 209,070 warrants was extended to February 28, 2015 and re-priced to \$0.50.
- (3) During the nine month period ended March 31, 2014, the expiry date of 1,013,620 warrants was extended from December 31, 2013 to May 31, 2014 and re-priced to \$0.50 and 15,355 warrants extended to February 28, 2015 and re-priced to \$0.50.

INTEGRAL TECHNOLOGIES, INC.
(A Development Stage Company)
Notes to Consolidated Financial Statements
Nine Months Ended March 31, 2014
(Unaudited)
(US Dollars)

5. STOCKHOLDERS' DEFICIT (Continued)

(f) The following promissory notes receivable were written off:

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

During the nine month period ending March 31, 2014, the promissory notes were reversed through equity.

(g) Subscriptions received

During the nine month period ending March 31, 2014, \$1,147,024 was received for subscriptions of 6,744,251 units consisting of common stock at \$0.17 per share and warrants at \$0.001 per warrant to purchase 6,744,251 shares of common stock on or before eighteen months after the closing date at an exercise price of \$0.30 per share. Share issue costs of \$37,210 have been accrued for.

(h) Share obligation

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

As at March 31, 2014 no shares have been issued. As such, a total of 42,000 shares of common stock are issuable. The obligation to issue shares of common stock was measured at a weighted average fair value of \$0.35 per share on the date each series of shares became issuable. A total of \$14,760 was recorded as an obligation to issue shares within equity and as consulting expense in the consolidated statements of operations.

6. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

(a) Fair value

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

The convertible debentures were recognized initially at fair value, and thereafter, have been accounted for at amortized cost. The derivative financial liabilities are carried at fair value, and any gains or losses thereon are recognized in the consolidated statements of operations.

INTEGRAL TECHNOLOGIES, INC.
(A Development Stage Company)
Notes to Consolidated Financial Statements
Nine Months Ended March 31, 2014
(Unaudited)
(US Dollars)

6. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

(b) Credit risk

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

Concentration of credit risk exists with respect to the Company's cash, as certain amounts are held at US and Canadian financial institutions. The maximum exposure is as follows:

	March 31, 2014	June 30, 2013
Cash (US institution) – non-FDIC insured	\$ 751,012	\$ 532,004
Cash (CDN institution)	4,959	304
	\$ 755,971	\$ 532,308

(c) Interest rate risk

The Company is not exposed to significant interest rate risk due to the short-term maturity of its monetary current assets and current liabilities. The Company is exposed to interest rate price risk to the extent that market interest rates differ from the fixed rate of interest of its convertible debentures (note 12). As at March 31, 2014, a 1% change would have a \$2,000 (June 30, 2013 - \$4,000) impact on the Company's consolidated net loss.

(d) Currency risk

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

(e) Liquidity risk

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

At March 31, 2014 the Company's cash totaled \$755,971 (June 30, 2013 - \$532,308), accounts payable and accruals of \$943,932 (June 30, 2013 - \$2,270,727), loan payable of \$52,323 (June 30, 2013 - \$nil), promissory notes payable of \$65,000 (June 30, 2013 - \$nil), convertible debentures of \$217,846 (June 30, 2013 - \$174,827) and redeemable preferred shares of \$170,000 (June 30, 2013 - \$nil). The accounts payable are due within one year. The convertible debentures are payable in cash or common shares of the Company and due in the first quarter of the year ending June 30, 2015.

INTEGRAL TECHNOLOGIES, INC.
(A Development Stage Company)
Notes to Consolidated Financial Statements
Nine Months Ended March 31, 2014
(Unaudited)
(US Dollars)

6. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

(e) Liquidity risk (Continued)

The Company requires significant additional funding to meet its administrative overhead costs and maintain its research and development program in fiscal 2014.

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

(f) Classification of financial instruments

As at March 31, 2014, the Company's financial instruments measured at fair value on a recurring basis by level within the fair value hierarchy are as follows:

	Level 1	Level 2	Level 3	Total
Derivative financial liabilities	\$ 0	\$ 0	\$ 271,957	\$ 271,957

The Company's derivative financial liabilities are classified within Level 3 of the fair value hierarchy and are valued using the Black-Scholes valuation method requiring inputs that are both significant to the fair value measurement and unobservable.

7. INCOME TAXES

There are no current or deferred tax expenses for the nine months ended March 31, 2014 due to the Company's loss position. The Company has fully reserved for any benefits of these losses. The deferred tax consequences of temporary differences in reporting items for financial statement and income tax purposes are recognized as appropriate. Realization of the future tax benefits related to the deferred tax assets is dependent on many factors, including the Company's ability to generate taxable income within the net operating loss carry-forward period. Management has considered these factors in reaching its conclusion as to the valuation allowance for financial reporting purposes.

INTEGRAL TECHNOLOGIES, INC.
(A Development Stage Company)
Notes to Consolidated Financial Statements
Nine Months Ended March 31, 2014
(Unaudited)
(US Dollars)

8. SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	Nine Months Ended March 31,		Period from February 12, 1996 (Inception) to March 31,
	2014	2013	2014
Changes in non-cash working capital			
Prepaid expenses	\$ 35,600	\$ (30,857)	\$ 15,369
Accounts payable and accruals	(67,917)	430,322	140,787
Due from affiliated company	0	0	(46,842)
Notes and accounts receivable	250,000	0	3,049,874
Inventory	0	0	(116,000)
Deferred revenue and other	0	0	(2,609)
	\$ 217,683	\$ 399,465	\$ 3,040,579

	Nine Months Ended March 31,		Period from February 12, 1996 (Inception) to March 31,
	2014	2013	2014

Shares Issued for

Redemption of preferred shares	\$ 0	\$ 0	\$ 415,000
Property and equipment	\$ 0	\$ 0	\$ 23,000
Proprietary agreement	\$ 0	\$ 0	\$ 711,000
Settlement of debt	\$ 564,031	\$ 0	\$ 792,773
Settlement of convertible debenture	\$ 743,954	\$ 173,471	\$ 1,223,336
Services (provided by officers and directors)	\$ 0	\$ 122,500	\$ 242,500
Settlement of lawsuit	\$ 0	\$ 0	\$ 15,000
Services and financing fees	\$ 778,333	\$ 226,625	\$ 3,180,980
Acquisition of subsidiary	\$ 0	\$ 0	\$ 894,200

Supplemental Cash Flow Information

Interest paid	\$ 26,485	\$ 0	\$ 125,909
Share issue costs in accounts payable and accruals	\$ 37,210	\$ 0	\$ 37,210
Income tax paid	\$ 0	\$ 0	\$ 0
Accrual of liability for mandatory redeemable preferred shares	\$ 0	\$ 300,000	\$ 300,000

INTEGRAL TECHNOLOGIES, INC.
(A Development Stage Company)
Notes to Consolidated Financial Statements
Nine Months Ended March 31, 2014
(Unaudited)
(US Dollars)

9. LOSS PER SHARE

	Loss (Numerator)	Weighted Average Number of Shares (Denominator)	Basic and Diluted Loss Per Share
Three months ended March 31, 2014			
Net loss for period	\$ (1,258,354)		
Preferred stock dividends (note 5(a))	(3,865)		
Loss attributable to common shareholders	\$ (1,262,219)	81,015,996	\$ (0.02)
Three months ended March 31, 2013			
Net loss for period	\$ (169,747)		
Preferred stock dividends (note 5(a))	(3,865)		
Loss attributable to common shareholders	\$ (173,612)	68,396,760	\$ (0.01)
Nine months ended March 31, 2014			
Net loss for period	\$ (3,438,009)		
Preferred stock dividends (note 5(a))	(11,595)		
Loss attributable to common shareholders	\$ (3,449,604)	78,118,446	\$ (0.04)
Nine months ended March 31, 2013			
Net loss for period	\$ (2,231,637)		
Preferred stock dividends (note 5(a))	(11,595)		
Loss attributable to common shareholders	\$ (2,243,232)	66,596,785	\$ (0.03)

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

10. RESEARCH AND DEVELOPMENT

As the Company is considered to be in the development stage, all research and development costs are expensed as incurred.

During the nine months ended March 31, 2014, the Company sold sample products totaling \$nil (nine months ended March 31, 2013 - \$14,898). This amount has been credited against research and development expenses.

11. SEGMENT INFORMATION

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

INTEGRAL TECHNOLOGIES, INC.
(A Development Stage Company)
Notes to Consolidated Financial Statements
Nine Months Ended March 31, 2014
(Unaudited)
(US Dollars)

12. CONVERTIBLE DEBENTURES

As at March 31, 2014, the Company has convertible debenture purchase agreements with Asher Enterprises Inc. and JMJ Financial as follows:

(a) Asher Enterprises Inc.

During the year ended June 30, 2012, the Company entered into a convertible debenture purchase agreement with Asher Enterprises Inc. The agreement has since resulted in fifteen separate tranches being issued. Each tranche is due approximately nine months after their respective issuance, of which the first twelve tranches totaling \$350,500 (net of \$5,500 in legal fees) were settled prior to June 30, 2013 and \$172,500 (net of \$10,500 in legal fees) were settled during the nine month period ended March 31, 2014. At March 31, 2014, there are three tranches outstanding as follows:

- (i) October 10, 2013 received \$50,000, net of \$3,000 in legal fees;
- (ii) November 20, 2013 received \$60,000, net of \$3,000 in legal fees; and
- (iii) January 7, 2014 received \$60,000, net of \$3,000 in legal fees.

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

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

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

INTEGRAL TECHNOLOGIES, INC.
(A Development Stage Company)
Notes to Consolidated Financial Statements
Nine Months Ended March 31, 2014
(Unaudited)
(US Dollars)

12. CONVERTIBLE DEBENTURES (Continued)

(a) Asher Enterprises Inc. (Continued)

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

The embedded conversion feature of the convertible debenture was treated as a derivative liability measured at fair value on inception and at each reporting date with the debt component being allocated the residual value of the debt and amortized using the effective interest method to its maturity value.

(b) JMJ Financial

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

On signing the agreement, the first advance of \$100,000 was received by the Company from the lender. At the sole discretion of the lender, an additional \$150,000 may be advanced to the Company with the remaining consideration advanced to the Company only by mutual agreement. Each advance received by the Company is due one year from delivery of payment. As at March 31, 2014, the following amounts are payable (advance received plus 10%):

- September 30, 2013 received \$150,000, net of an upfront fee of \$16,666.

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

On delivery of consideration, the lender may convert all or part of the unpaid principal and up-front fee into common stock at its sole discretion. All balances outstanding have a variable conversion price equal to the lesser of \$0.35 or 60% of the market price. The market price is defined as the lowest trade price in the 25 days prior to the conversion date. The lender is limited to holding no more than 4.99% of the issued and outstanding common stock at the time of conversion. After the expiration of 90 days following the delivery date of any consideration, the Company will have no right of prepayment.

The embedded conversion feature of the convertible debenture was treated as a derivative liability measured at fair value on inception and at each reporting date with the debt component being allocated the residual value of the debt and amortized using the effective interest method to its maturity value.

INTEGRAL TECHNOLOGIES, INC.
(A Development Stage Company)
Notes to Consolidated Financial Statements
Nine Months Ended March 31, 2014
(Unaudited)
(US Dollars)

12. CONVERTIBLE DEBENTURES (Continued)

During the nine month period end March 31, 2014, \$281,611 (year ended June 30, 2013 - \$139,000) of the face value of debentures were settled by issuing 2,081,046 (year ended June 30, 2013 - 930,382) shares of common stock of the Company, and \$743,954 (year ended June 30, 2013 - \$252,456) representing the fair value of the derivative liabilities and the amortized cost of convertible debentures settled was included as additional paid in capital.

As at March 31, 2014, \$37,500 (June 30, 2013 - \$78,500) of convertible debentures were settled by paying \$57,754 (June 30, 2013 - \$120,865), and \$32,432 (nine months ended March 31, 2013 - \$26,189) was recognized representing the net gain on settlement of convertible debentures.

During the nine month period ended March 31, 2014, a fair value loss on the derivative liability of \$25,777 (2013 - \$54,745) was recognized.

During the nine month period ended March 31, 2014, the Company incurred \$28,166 (year ended June 30, 2013 - \$30,166) in transactions costs in connection with the issuance of convertible debentures, which has been recorded as a reduction to the carrying value of convertible debentures.

As at March 31, 2014, 2,113,318 (June 30, 2013 - 1,275,271) shares of common stock of the Company would be required to settle the remaining tranches of convertible debt.

As at March 31, 2014, the face value of convertible debentures is \$370,619 (June 30, 2013 - \$338,946), which includes accrued interest of \$24,953 (June 30, 2013 - \$16,780).

The fair value of the derivative financial liability is calculated using the Black-Scholes valuation method at the consolidated balance sheet date.

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

	March 31, 2014	June 30, 2013
Expected life (years)	0.87	0.76
Interest rate	1.10%	0.71%
Volatility	80.46%	62.80%
Dividend yield	N/A	N/A
Estimated forfeitures	N/A	N/A

INTEGRAL TECHNOLOGIES, INC.
(A Development Stage Company)
Notes to Consolidated Financial Statements
Nine Months Ended March 31, 2014
(Unaudited)
(US Dollars)

12. CONVERTIBLE DEBENTURES (Continued)

The following weighted average assumptions were used in determining the fair values of the derivative financial liabilities on settlement:

	March 31, 2014	June 30, 2013
Expected life (years)	0.38	0.20
Interest rate	0.95%	0.66%
Volatility	73.81%	72.76%
Dividend yield	N/A	N/A
Estimated forfeitures	N/A	N/A

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

	March 31, 2014	June 30, 2013
Expected life (years)	0.44	0.62
Interest rate	0.96%	0.94%
Volatility	68.08%	70.20%
Dividend yield	N/A	N/A
Estimated forfeitures	N/A	N/A

The carrying value of convertible debentures are as follows:

	March 31, 2014	June 30, 2013
Fair value of convertible debenture, beginning of period	\$ 174,827	\$ 93,356
Fair value at inception of new tranches	21,595	166,922
Interest accrued	364,237	112,330
Loss on early repayment	15,758	44,489
Repayment on November 28, 2012 (cash)	(57,754)	(120,865)
Settlement (issuance of common shares)	(300,817)	(121,405)
Carrying amount of convertible debenture, end of period	\$ 217,846	\$ 174,827

INTEGRAL TECHNOLOGIES, INC.
(A Development Stage Company)
Notes to Consolidated Financial Statements
Nine Months Ended March 31, 2014
(Unaudited)
(US Dollars)

12. CONVERTIBLE DEBENTURES (Continued)

The fair value of derivative financial liabilities are as follows:

	March 31, 2014	June 30, 2013
Fair value of derivative liabilities, beginning of period	\$ 414,102	\$ 84,718
Fair value at inception of new tranches	323,405	210,576
Loss on fair value of derivative liability	25,777	320,537
Gain on early repayment	(48,190)	(70,678)
Settlement (issuance of common shares)	(443,137)	(131,051)
Fair value of derivative liabilities, end of period	\$ 271,957	\$ 414,102

13. PROMISSORY NOTES PAYABLE

During the nine month period ended March 31, 2014, the Company entered into the following promissory note payable agreements:

- (a) Two one-month promissory notes payable totaling \$60,000, which bore interest at 12% annually. Any unpaid principal and unpaid accrued interest is due January 19, 2014 and January 24, 2014, the maturity dates. In addition, the Company must issue 25,000 shares of common stock at each maturity date to settle the promissory notes. During the nine month period ended March 31, 2014, the promissory notes payable were repaid.

The obligations to issue a total of 50,000 shares of common stock were measured at their fair values of \$0.28 and \$0.33 per share at each promissory note's agreement date. A total of \$15,250 was recorded as an obligation to issue shares within equity and as interest expense in the consolidated statements of operations. As at March 31, 2014, no shares have been issued.

- (b) On October 1, 2013, the Company entered into a promissory note agreement with a consultant for unpaid fees of \$215,000, which bears interest at 6% annually. Any interest accrued on the outstanding balance is due in nine months, with the first interest payment due April 1, 2014. Any unpaid principal and unpaid accrued interest is due October 1, 2015, the maturity date. Any payments made during the year shall be first applied to unpaid accrued interest, then to the reduction of principal. As at March 31, 2014, no payments have been made.
- (c) On February 1, 2014, the Company entered into a promissory note agreement with a director for unpaid consulting fees of \$300,000, which bears interest at 6% annually. Any interest accrued on the outstanding balance is due at the maturity date, February 1, 2016. \$5,000 is payable on the first of each month beginning March 1, 2014 through to March 1, 2015. The final payment of \$272,234 consisting of principal and accrued interest is due on the maturity date. As at March 31, 2014, no payments have been made.

INTEGRAL TECHNOLOGIES, INC.
(A Development Stage Company)
Notes to Consolidated Financial Statements
Nine Months Ended March 31, 2014
(Unaudited)
(US Dollars)

14. DEFERRED LIABILITY

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

The agreement called for license fees as follows:

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

The first payment of \$250,000 has been recorded as a deferred liability, which will be recognized as other income in the consolidated statements of operations over the life of the ten year contract. During the nine months ended March 31, 2014, \$18,750 (nine months ended March 31, 2013 - \$nil) has been recognized as other income.

15. EXTINGUISHMENT OF DEBT

During the year ended June 30, 2013 and the nine months ended March 31, 2014, the following debts were extinguished:

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

During the year ended June 30, 2013, \$300,000 was reclassified as a liability with the \$70,588 par value removed from equity and \$229,412 value in excess of par charged to accumulated deficit. On January 15, 2014 the Company entered into an amended agreement to settle a portion of the redemption value by issuing 481,482 shares of common stock measured at a fair value of \$0.27 per share measured on the date of the amendment. A total of \$130,000 was reclassified from redeemable preferred stock to obligations to issue shares. As at March 31, 2014, no shares have been issued and no preferred stock has been redeemed.

INTEGRAL TECHNOLOGIES, INC.
(A Development Stage Company)
Notes to Consolidated Financial Statements
Nine Months Ended March 31, 2014
(Unaudited)
(US Dollars)

15. EXTINGUISHMENT OF DEBT (Continued)

- (b) On June 13, 2013, the Company signed a separation agreement with a consultant resulting in a termination of consulting services effective March 31, 2013. As a result of the termination, the Company was required to issue the following:
 - (i) 541,666 shares of common stock pursuant to a restricted stock award agreement for options vesting prior to the agreement date. These shares were issued during the nine months ended March 31, 2014 and were measured at a fair value of \$0.44 per share (note 5(b)); and
 - (ii) 628,571 shares common stock in consideration for unpaid fees of \$243,000. The modified consulting fees were recorded at the fair value of shares to be issued of \$352,000 as at June 30, 2013 which were included in accounts payable and accruals. The increase in value of modified debt of \$109,000 was recognized as a loss on extinguishment of liabilities in the consolidated statements of operations for the year ended June 30, 2013. During the nine months ended March 31, 2014, 628,571 shares were issued to settle the above mentioned consulting fees which were re-measured at a fair value of \$0.44 per share on the share issuance date. A total of \$276,571 was recorded as equity with the decrease in value of extinguished debt of \$75,429 recorded as a recovery of loss on extinguishment of debt in the consolidated statements of operations.
- (c) On March 20, 2014, the Company signed a separation agreement with a consultant resulting in a termination of consulting services effective January 2, 2014. As a result of the termination, the Company is required to perform the following:
 - (i) 203,700 shares of common stock were issued to settle \$55,000 in consulting fees included in accounts payable and accruals. These shares were issued during the nine months ended March 31, 2014 and were measured at a fair value of \$0.27 per share; and
 - (ii) Obligation to issue 1,000,000 shares of common stock in lieu of all stock options not granted per the original consulting agreement. The obligation to issue shares of common stock was measured at its fair value of \$0.30 per share on the date of the separation agreement. A total of \$300,000 was recorded as an obligation to issue shares within equity and as termination agreement expense in the consolidated statements of operations. As at March 31, 2014, no shares have been issued.
- (d) On March 21, 2014, the Company signed a separation agreement with a director resulting in a termination of consulting services effective January 31, 2014. As a result of the termination, the Company is required to perform the following:
 - (i) 241,666 shares of common stock were issued to settle \$72,500 in consulting fees included in accounts payable and accruals. These shares were issued during the nine months ended March 31, 2014 and were measured at a fair value of \$0.30 per share;
 - (ii) Grant 200,000 stock options at an exercise price of \$0.50 per share of common stock and cancellation of 500,000 vested stock options and forfeiture of 100,000 un-vested stock options previously granted; and

INTEGRAL TECHNOLOGIES, INC.
(A Development Stage Company)
Notes to Consolidated Financial Statements
Nine Months Ended March 31, 2014
(Unaudited)
(US Dollars)

15. EXTINGUISHMENT OF DEBT (Continued)

(d) (Continued)

- (iii) Obligation to issue 1,250,000 shares of common stock in lieu of all stock options not granted per the original consulting agreement. The obligation to issue shares of common stock was measured at its fair value of \$0.30 per share on the date of the separation agreement. A total of \$375,000 was recorded as an obligation to issue shares within equity and as termination agreement expense in the consolidated statements of operations. As at March 31, 2014, no shares have been issued.
- (e) On December 30, 2013 the Company amended the terms of a promissory note to add a conversion option to settle the remaining balance of \$51,040 through issuance of shares at a conversion price of \$0.165 per share. On December 30, 2013, 309,332 shares of common stock were issued to settle the above mentioned promissory note which was measured at a fair value of \$0.28 per share on the share issuance date. A total of \$86,613 was recorded as equity with the loss on extinguishment of \$35,573 recorded in the consolidated statement of operations.
- (f) On October 16, 2013 the Company settled \$55,052 in legal fees through issuance of shares of common stock. 125,000 shares of common stock were issued to settle the above mentioned payable balance which was measured at a fair value of \$0.38 per share on the share issuance date. A total of \$47,500 was recorded as equity with the gain on extinguishment of \$7,552 recorded in the consolidated statement of operations.
- (g) On October 25, 2013 the Company settled \$11,726 in consulting fees through issuance of shares of common stock. 29,315 shares of common stock were issued to settle the above mentioned payable balance which was measured at a fair value of \$0.37 per share on the share issuance date. A total of \$10,847 was recorded as equity with the gain on extinguishment of \$879 recorded in the consolidated statement of operations.
- (h) On January 30, 2014 the Company settled \$15,000 in consulting fees to a director through issuance of shares of common stock. 50,000 shares of common stock were issued to settle the above mentioned payable balance which was measured at a fair value of \$0.30 per share on the share issuance date. A total of \$15,000 was recorded as equity.
- (i) On March 31, 2014, legal fees included in accounts payable were derecognized as a result of becoming time barred due to the statute of limitations. A total of \$150,367 has been recognized as a gain on extinguishment of liabilities in the consolidated statements of operations.

16. LOAN PAYABLE

During the nine month period ending March 31, 2014, the Company entered into a financing arrangement to cover directors' and officers' liability insurance for the period December 31, 2013 to December 31, 2014. The amount financed was \$61,474, which bears interest at 3.75% annually. Monthly payments of \$5,814 are required to settle amounts owing. The balance outstanding at March 31, 2014 was \$52,323.

INTEGRAL TECHNOLOGIES, INC.
(A Development Stage Company)
Notes to Consolidated Financial Statements
Nine Months Ended March 31, 2014
(Unaudited)
(US Dollars)

17. SUBSEQUENT EVENTS

In accordance with Accounting Standards Codification Topic No. 855 *Subsequent Events*, the Company has evaluated subsequent events through the time between the end of the reporting period and the time this Quarterly Report on Form 10-Q for the nine months ended March 31, 2014 was filed. There were no significant events during that period to disclose in these unaudited consolidated financial statements.

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

Forward Looking Statements

This quarterly report on Form 10-Q and other reports (collectively, the "Filings") filed by Integral Technologies, Inc. ("Integral" or the "Company") from time to time with the U.S. Securities and Exchange Commission (the "SEC") contain or may contain forward-looking statements and information that are based upon beliefs of, and information currently available to, the Company's management as well as estimates and assumptions made by Company's management. Readers are cautioned not to place undue reliance on these forward-looking statements, which are only predictions and speak only as of the date hereof. When used in the Filings, the words "anticipate," "believe," "estimate," "expect," "future," "intend," "plan," or the negative of these terms and similar expressions as they relate to the Company or the Company's management identify forward-looking statements. Statements contained herein that are not historical facts are forward-looking statements. Although the Company believes that the expectations reflected in the forward-looking statements are reasonable, the Company cannot guarantee future results, levels of activity, performance, or achievements. 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, our ability to compete in a highly competitive market, our access to sources of capital, and other risks and uncertainties described in our annual report on Form 10-K for the fiscal year ended June 30, 2013 as filed with the Securities and Exchange Commission on September 30, 2013, and available at www.sec.gov. Should one or more of these risks or uncertainties materialize, or should the underlying assumptions prove incorrect, actual results may differ significantly from those anticipated, believed, estimated, expected, intended, or planned.

This discussion and analysis should be read in conjunction with our consolidated 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. We undertake no obligation to update these forward-looking statements to reflect events or circumstances occurring after the date of this Form 10-Q, except as required by law.

Overview

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

Presently, we are focusing substantially all of our resources on researching, developing, engineering and commercializing our ElectriPlast® technology, which possesses a multitude of applications. In addition, we apply a significant portion of our resources to the protection of our intellectual property through patent filings. One source of income will be from up-front licensing fees as is the case with our manufacturing license agreement for the use of our patents and proprietary "know-how" for the manufacture of the ElectriPlast® pellets by Hanwha L&C of Korea. We expect to derive future income from additional manufacturing license fees, and other license fees related to the use our patents and proprietary "know how" by third-parties for the development and manufacture of a variety of ElectriPlast® applications. We also expect to generate income from royalties from the sale of ElectriPlast® materials by our licensees as well as from our direct sales efforts.

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

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

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

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

Patents/Trademarks on Technologies

Our intellectual property portfolio consists of over thirteen years of accumulated research and design knowledge and trade secrets. We have sought United States ("US") patent protection for many of our ideas related to our ElectriPlast® technologies. Currently, we have filed 111 non-provisional US patent applications, 55 of which have been issued as patents, with 51 of those issued patents not yet expired. No assurances can be given that all patent applications will be approved; however, to the extent that patents are not granted, we will continue to attempt to commercialize these technologies without the protection of patents. As patents are issued, we will have the exclusive right to use and license the design(s) described in each issued patent for the life of the patent in the US.

Of the 111 non-provisional applications filed that have not issued as patents, 12 are currently pending, and 45 are no longer pending. Integral continues to pursue intellectual property protection through its patent and trademark portfolio while constantly evaluating its filings to judiciously apply resources to our most critical technologies. Integral has filed 12 Canadian patent applications, 2 of which have issued, with 10 no longer being active.

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

Financial Condition

To date we have recorded nominal revenues. We are still considered a development stage company for accounting purposes. From the Company's incorporation on February 12, 1996 through March 31, 2014, we have accrued an accumulated deficit of \$47,529,535.

At March 31, 2014, our current assets totaled \$802,077, which consisted of cash equal to \$755,971 and prepaid expenses of \$46,106. All of our property and equipment has been fully depreciated.

As of March 31, 2014, current liabilities of \$1,746,056 consisting of accounts payable and accruals of \$943,930, loan payable of \$52,323, promissory notes payable of \$65,000, a deferred obligation of \$25,000, convertible debentures of \$217,846, derivative financial liabilities of \$271,957 and redeemable preferred stock of \$170,000. Non-current liabilities consist of promissory note payable of \$450,000 and deferred liability of \$206,250. Included in accounts payable and accruals is legal fees payable (including associated filing fees) related to patent filings accounted for approximately \$4,355 of the total.

At March 31, 2014, our total stockholder's deficit was \$1,600,229.

Results of Operations of the Three Months Ended March 31, 2014 compared to the Three Months Ended March 31, 2013

Our net loss for the three months ended March 31, 2014, was \$1,258,354 compared to a net loss of \$169,747 for the corresponding period of the prior fiscal year, a difference of \$1,088,607. The current quarter ended March 31, 2014 included the addition of \$6,250 of other income arising from the current quarter amortization of the \$250,000 payment by Hanwha L&C to the Company for the 10-year license extended by the Company to Hanwha as of June 30, 2013. During the quarter, the Company took several actions to reduce and redirect operating expenses, and incurred one-time termination expense of \$675,000 representing the fair value of common shares to be issued in relation to closing the Fort Washington, Pennsylvania office. Operating expenses for the quarter ended March 31, 2014, after the one-time charges to obligations to issue shares, were essentially unchanged from the quarter ending March 31, 2013. Interest Expense increased \$131,868 in the current quarter ended March 31, 2014 due to the addition of convertible promissory notes compared to the corresponding quarter ending March 31, 2013. Gain on the extinguishment of debt was \$150,367 compared to \$355,022 in the prior quarter ending March 31, 2014 and consist of derecognized legal fees that are barred due to the statute of limitations.

Without making adjustments for the items described above, the increase in our net loss between the corresponding periods is primarily attributable to the increase in the following expenses: Consulting Expenses decreased by \$157,020, a redefinition of certain salaries and benefits as a separate category increased salaries and benefits by \$163,727, research and development increased by \$29,914, bank charges and interest increased by \$131,868 and gain on extinguishment of debt decreased by \$204,655.

[Table of Contents](#)

Consulting fees of \$175,078, include a non-cash, reduction in stock based compensation charges for forfeited options of (\$14,932). This is compared to consulting fees of \$332,098 provided in the corresponding period of the prior fiscal year that included non-cash, stock based compensation charges for options granted of \$24,092. As described in the notes to the financial statements, the fair value of options granted were valued using the Black-Scholes option pricing model.

Salaries and benefits of \$218,727 includes \$163,727 in redefined salaries and benefits previously included in Consulting Expenses, compared to \$55,000 in the corresponding period of the prior fiscal year.

Research and development costs incurred during the three months ended March 31, 2014 were \$9,616, compared to a net recovery of (\$20,298) over the corresponding period of the prior fiscal year attributable to incurring additional costs to operate and support the manufacturing process by Jasper of our ElectriPlast® material and for independent testing of several of our ElectriPlast® applications net of less receipts of funds from the sale of prototypes.

General and administrative expense of \$64,032 includes directors and officer's insurance premiums of \$15,368 for the three month period ended March 31, 2014, compared to general and administrative expense of \$56,059 during the corresponding period of the prior fiscal year which includes directors and officer's insurance premiums of \$30,348 provided in the corresponding period of the prior fiscal year.

Bank charges and interest expense of \$154,853 includes amortization of convertible debt of \$144,438 for the three month period ended March 31, 2014, compared to amortization of convertible debt of \$20,007 provided in the corresponding period of the prior fiscal year.

Results of Operations for the Nine Months Ended March 31, 2014 compared to the Nine Months Ended March 31, 2013

Our net loss for the nine months ended March 31 2014, was \$3,438,009 compared to a net loss of \$2,231,637 for the corresponding period of the prior fiscal year. During the first nine months ended March 31, 2014, as previously discussed the Company took several actions to reduce and redirect Operating Expenses, and incurred one-time termination expenses of \$675,000 representing the fair value of common shares to be issued in relation to closing the Fort Washington, Pennsylvania office. Operating Expenses for the nine months ended March 31, 2014, after adjustment for the one-time charges to Obligations to issue shares and before consideration of banking and financing expenses, increased \$223,116 from the corresponding period ending March 31, 2013. Interest Expense increased \$308,256 in the current period due to the addition of Convertible Promissory Notes compared to the corresponding period ending March 31, 2013.

Without making adjustments for the items described above, the increase in our net loss between the corresponding periods is primarily attributable to the increase in the following expenses: Consulting expense increased by \$66,435, salaries and benefits increased by \$108,727, bank charges and interest increased by \$308,256 and gain on extinguishment of debt decreased by \$156,368. These increases were offset by a decrease in legal and accounting of \$36,932, a decrease in general and administrative expenses and travel expenses \$14,817, and a decrease in fair value loss on derivative financial liabilities of \$28,968.

Total expenses for the nine months ended March 31, 2014 were \$3,457,037 compared to total expenses of \$2,231,824 for the corresponding period of the prior fiscal year. The increase of \$1,225,213 is described in the above paragraphs.

Total income for the nine months ended March 31, 2014, was comprised of "other income" of \$19,028 compared to "other income" of \$187 for the corresponding period of the prior fiscal year. The category of "other income" consists of interest income and amortization of license fees, and included \$18,750 of amortized license fees attributable to the Hanwha L&A license agreement executed on June 30, 2013 which is amortized evenly over ten years.

Consulting expense during the nine months ended March 31, 2014 was \$1,625,434 compared to \$1,558,999 for the corresponding period of the prior fiscal year. For the first nine months ended March 31, 2014, consulting expense included non-cash issuances of shares in consideration for consulting services in the amount of \$778,333 and non-cash stock based compensation charges of \$100,076. In the corresponding period of the prior fiscal year, consulting expenses were \$1,558,999 which included non-cash issuances of shares in consideration for consulting services in the amount of \$349,125 and non-cash stock based compensation charges of \$307,968.

Salaries and benefits expenses during the nine months ended March 31, 2014, were \$328,727 which includes \$163,727 in redefined salaries and benefits, compared to salaries and benefits expenses of \$220,000 for the corresponding period of the prior fiscal year.

Bank charges and interest expense of \$391,629 includes amortization of convertible debt of \$364,237 for the nine month period ended March 31, 2014, compared to amortization of convertible debt of \$71,529 provided in the corresponding period of the prior fiscal year.

Research and development costs of \$53,244 during the nine months ended March 31, 2014, are attributable to operate and support the manufacturing process of our ElectriPlast™ material. In the corresponding period of the prior fiscal year, the amount expensed under this category was \$63,397.

For the nine months ended March 31, 2014, our cash used in operating activities was \$1,496,729 compared to \$1,430,016 used in the corresponding period of the prior fiscal year for an increase of \$66,713.

[Table of Contents](#)

For the nine months ended March 31, 2014, our cash provided by financing activities was \$1,720,392 compared to \$1,426,907 provided in the corresponding period of the prior fiscal year. The increase of \$293,485 was mainly due to proceeds from promissory notes and convertible debentures and less repayment of promissory notes and convertible debentures during the nine months ended March 31, 2014. At the end of the nine months ending March 31, 2014 we had cash and cash equivalents of 755,971 compared to \$169,064 as of March 31, 2013. Subsequent to the quarter ended March 31, 2014, the Company completed a Private Placement that resulted in aggregate gross proceeds of \$1,147,024 recognized as subscriptions received as at March 31, 2014

Critical Accounting Policies and Estimates

The details of the critical accounting policies relevant to the Company are set out note 2 of the audited financial statements for the year ended June 30, 2013, filed with the Securities and Exchange Commission on September 30, 2013. There have been no material changes to our critical accounting policies as described in Item 7 of our most recent annual report on Form 10-K for the year ended June 30, 2013.

Management does not believe that any new accounting pronouncements not yet effective will have any material effect on the Company's consolidated financial statements if adopted.

Liquidity and Capital Resources

Since inception we have funded our operations through capital fundraising, issuance of convertible debt, and loans from management. As of March 31, 2014, we had \$755,971, in cash on hand as compared to \$532,308 as of June 30, 2013.

Net cash provided by financing activities for the nine months ended March 31, 2014 consisted of proceeds from promissory notes of \$60,000, from repayment of loan, subscriptions received of \$1,147,024, proceeds from issuance of common stock of \$325,273 and proceeds from convertible debentures of \$345,000, which were offset by repayment of loan of \$9,151, repayment of promissory note of \$90,000 and repayment of convertible debenture of \$57,754.

Based on our current cash and cash equivalents levels and expected cash flow from operations, we believe our current cash position is not sufficient to fund our cash requirements during the next twelve months, including operations and capital expenditures. We intend to license our proprietary technology and services or obtain equity and/or debt financing to support our current and proposed operations and capital expenditures. Subsequent to the quarter end we received the second contractual license payment by Hanwha L&C of \$250,000. We cannot assure that continued funding will be available. There can be no assurance, however, that any such opportunities may arise, or that any such acquisitions may be consummated. Additional financing may not be available on satisfactory terms when required. In addition, the trading price of our common stock and a downturn in the equity and debt markets could make it more difficult to obtain financing through the issuance of equity or debt securities. To the extent that we raise additional funds by issuing equity securities, our stockholders may experience significant dilution. We currently have no firm commitments for any additional capital. There is no guarantee that we will be successful in raising the funds required. If additional financing is not available or is not available on acceptable terms, we will have to curtail our operations.

The Company has used approximately \$26,000,000 in cash from operations since inception in 1996, which has been funded primarily from proceeds from the issuance of common stock. The company has issued warrants which have the potential to yield \$12,800,000 calculated as 28,292,715 warrants at a weighted average exercise price of \$0.45. In the event the stock price rises to certain levels in the future and the some or all of the warrant holders elect to acquire Common Stock shares by exercising their warrants, prior to the expiry date, the Company may raise additional funds from warrant holders. We have no ability to forecast future stock price movements nor are we able to determine how many warrant holder would elect to acquire shares by exercising their warrants.

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

See the discussion in Item 5, Subsequent Events, pertaining to the Private Placement Memorandum that resulted in the funding the Company of aggregate gross proceeds of \$1,147,024.

Off-Balance Sheet Arrangements

We have never entered into any off-balance sheet financing arrangements and have never established any special purpose entities. We have not guaranteed any debt or commitments of other entities, nor entered into any options or non-financed assets.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Not applicable to smaller reporting companies.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

We carried out an evaluation, under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Disclosure controls and procedures include, without limitation, means controls and other procedures that are 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 (i) recorded, processed, summarized and reported, within the time periods specified in the Commission's rules and forms and (ii) accumulated and communicated to the issuer's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. Based on this evaluation, because of the Company's limited resources and limited number of employees, management concluded that our disclosure controls and procedures were ineffective as of March 31, 2014.

Management has identified control deficiencies regarding the lack of segregation of duties and the need for a stronger internal control environment. Management of the Company believes that these material weaknesses are due to the small size of the Company's accounting staff. The small size of the Company's accounting staff may prevent adequate controls in the future, such as segregation of duties, due to the cost/benefit of such remediation.

To mitigate the current limited resources and limited employees, we rely heavily on direct management oversight of transactions, along with the use of external legal and accounting professionals. As we grow, we expect to increase our number of employees, which will enable us to implement adequate segregation of duties within the internal control framework.

These control deficiencies could result in a misstatement of account balances that would result in a reasonable possibility that a material misstatement to our consolidated financial statements may not be prevented or detected on a timely basis. In light of this material weakness, we performed additional analyses and procedures in order to conclude that our consolidated financial statements for the quarter ended March 31, 2014 included in this Quarterly Report on Form 10-Q were fairly stated in accordance with US GAAP. Accordingly, management believes that despite our material weaknesses, our consolidated financial statements for the quarter ended March 31, 2014 are fairly stated, in all material respects, in accordance with US GAAP.

Limitations on Effectiveness of Controls and Procedures

Our management, including our principal executive officer and principal financial officer, does not expect that our disclosure controls and procedures or our internal controls will prevent all errors and all fraud. Further, the design of a control system must reflect the fact that there are resource constraints and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include, but are not limited to, the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the control. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, controls may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

Changes in Internal Controls

There were no changes in our internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act, during our most recently completed fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II

OTHER INFORMATION COMPANY CONFIRM OR UPDATE AS NEEDED

ITEM 1 - LEGAL PROCEEDINGS

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

ITEM 1A. RISK FACTORS

The Company is a smaller reporting Company as defined by Rule 12b-2 of the Exchange Act and is not required to provide information required under this Item.

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

During the three month period ended March 31, 2014 the Company completed a private placement amounting to \$28,951 for the issuance of 144,757 units consisting of common stock at \$0.20 per share and warrants at \$0.001 per warrant to purchase 144,757 shares of common stock on or before September 13, 2015 at an exercise price of \$0.60 per share.

The securities sold in the private placement were not registered under the Securities Act, or the securities laws of any state, and were offered and sold in reliance on the exemption from registration afforded by Section 4(2) and Regulation D (Rule 506) under the Securities Act and corresponding provisions of state securities laws, which exempt transactions by an issuer not involving any public offering. Each investor is an "accredited investor" as such term is defined in Regulation D promulgated under the Securities Act. This current report shall not constitute an offer to sell or the solicitation of an offer to buy, nor shall such securities be offered or sold in the United States absent registration or an applicable exemption from the registration requirements and certificates evidencing such shares contain a legend stating the same.

ITEM 3 - DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4 - MINE SAFETY DISCLOSURES

Not Applicable.

ITEM 5 - OTHER INFORMATION-SUBSEQUENT EVENTS

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 is filed herewith.
31.2	Certification by Chief Financial Officer, required by Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act is filed herewith.
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 is filed herewith.
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 is filed herewith.
EX-101.INS	XBRL Instance Document
EX-101.SCH	XBRL Taxonomy Extension Schema Document
EX-101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
EX-101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
EX-101.LAB	XBRL Taxonomy Extension Labels Linkbase Document
EX-101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

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.

Integral Technologies, Inc.

By: /s/ Doug Bathauer
Doug Bathauer, Chief Executive Officer
(Principal Executive Officer)

By: /s/ W. Bartlett Snell
W. Bartlett Snell , Chief Financial Officer
(Principal Financial and Accounting
Officer)

Date: May 14, 2014

EXHIBIT INDEX

31.1	Certification by Chief Executive Officer, required by Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act is filed herewith.
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EX-101.INS	XBRL Instance Document
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EX-101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

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

I, Doug Bathauer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Integral Technologies, Inc. for the period ended March 31, 2014;
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):
 - d) 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
 - d) 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: May 14, 2014

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

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

I, W. Bartlett Snell, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Integral Technologies, Inc. for the period ended March 31, 2014;
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: May 14, 2014

By: /s/ W. Bartlett Snell
W. Bartlett Snell
Chief Financial Officer

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

I, Doug Bathauer, the chief executive officer of Integral Technologies, Inc. (the "Company"), a, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Quarterly Report of the Company on Form 10-Q, for the fiscal period ended March 31, 2014 (the "Report"), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Doug Bathauer

Doug Bathauer

Chief Executive Officer

May 14, 2014

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

I, W. Bartlett Snell, the chief financial officer of Integral Technologies, Inc. (the "Company"), a, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Quarterly Report of the Company on Form 10-Q, for the fiscal period ended March 31, 2014 (the "Report"), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ W. Bartlett Snell

W. Bartlett Snell

Chief Financial Officer

May 14, 2014
