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, 2016.

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	98-0163519
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

2605 Eastside Park Road Suite 1, Evansville, Indiana 47715
(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 May 5, 2016, there were 126,422,711 outstanding shares of the Registrant's Common Stock, $0.001 par value.

INTEGRAL TECHNOLOGIES, INC.
MARCH 31, 2016 QUARTERLY REPORT ON FORM 10-Q

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PART I
FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

Integral Technologies, Inc.
Consolidated Balance Sheets
As of March 31, 2016 (Unaudited) and June 30, 2015 (Audited)

ASSETS	March 31, 2016	June 30, 2015
Current assets:		
Cash	$ 1,167	$ 117,307
Accounts receivable	7,770	-
Prepaid expenses	116,610	64,541
Total current assets	125,547	181,848
Deposit	2,500	2,500
Property and equipment, net	75,834	65,514
Total Assets	$ 203,881	$ 249,862
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities:		
Accounts payable and accrued expenses	$ 887,175	$ 405,652
Loans payable	309,895	32,335
Deferred revenue	50,000	50,000
Convertible debentures	106,960	94,107
Derivative liabilities	710,512	87,821
Total current liabilities	2,064,542	669,915
Non-current liabilities:		
Deferred revenue, net of current portion	333,333	370,833
Total non-current liabilities	333,333	370,833
Total Liabilities	2,397,875	1,040,748
Stockholders' Deficit		
Preferred stock and paid-in capital in excess of $0.001 par value, 20,000,000 shares authorized, 0 (June 30, 2015 - 0) issued and outstanding	-	-
Common stock and paid in capital in excess of $0.001 par value, 150,000,000 shares authorized, 122,243,537 (June 30, 2015 - 114,370,094) issued and outstanding	53,966,820	51,753,457
Share subscriptions and obligations to issue shares	588,096	391,974
Accumulated other comprehensive income	46,267	46,267
Accumulated deficit	(56,795,177)	(52,982,584)
Total stockholders' deficit	(2,193,994)	(790,886)
Total Liabilities and Stockholders' Deficit	$ 203,881	$ 249,862

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

Integral Technologies, Inc.
Consolidated Statements of Operations
For the three and nine months ended March 31, 2016 and 2015 (Unaudited)

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2016	**2015**	**2016**	**2015**
Revenue	$ 15,350	$ 45,450	$ 57,793	$ 198,232
Expenses:				
Selling, general, and administrative expenses	717,841	985,349	2,228,549	2,846,378
Research and development	155,379	140,115	500,628	345,581
Total expenses	873,220	1,125,464	2,729,177	3,191,959
Fair value gain (loss) on derivative financial liabilities	(848,208)	12,990	(887,707)	11,994
Gain (loss) on extinguishment of convertible debenture	142,297	(6,557)	144,224	(6,557)
Other income (expense)	4,908	57	5,091	195
Interest expense	(177,920)	(82,444)	(402,817)	(120,592)
Net Loss	$ (1,736,793)	$ (1,155,968)	$ (3,812,593)	$ (3,108,687)
Net loss per share – basic and diluted	$ (0.01)	$ (0.01)	$ (0.03)	$ (0.03)
Weighted average number of common shares outstanding	118,844,465	105,375,238	116,950,725	103,577,157

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

Integral Technologies, Inc.
Consolidated Statements of Cash Flows
For the nine months ended March 31, 2016 and 2015 (Unaudited)

	Nine Months Ended March 31, 2016	2015
Cash flows from operating activities:		
Net loss	$ (3,812,593)	$ (3,108,687)
Items not involving cash		
Depreciation	3,436	1,948
Amortization of debt issuance costs	10,230	-
Accrued interest	2,750	-
Stock issued for consulting services	6,220	359,500
Stock-based compensation	134,688	139,636
Interest on convertible debentures	380,577	103,956
Fair value loss (gain) on derivative financial liabilities	887,707	(11,994)
Loss (gain) on extinguishment of convertible debenture	(144,224)	6,557
Obligation to issue shares for consulting services	23,340	33,660
Deferred revenues	(37,500)	(37,500)
Changes in working capital	622,905	(15,200)
Net cash used in operating activities	(1,922,464)	(2,528,124)
Cash flows from investing activity:		
Deposit	-	(2,500)
Purchase of property, equipment and intangible assets	(13,756)	(40,947)
Net cash used in investing activities	(13,756)	(43,447)
Cash flows from financing activities:		
Proceeds from loans	130,000	-
Repayment of loans	(66,641)	(34,118)
Repayment of promissory notes	-	(24,500)
Proceeds from issuance of common stock	28,000	2,347,380
Proceeds from warrants exercised	889,771	307,607
Proceeds from convertible debentures	838,950	245,000
Repayments of convertible debentures	-	(162,715)
Net cash provided by financing activities	1,820,080	2,678,654
Increase (decrease) in cash	(116,140)	107,083
Cash, beginning of period	117,307	199,777
Cash, end of period	$ 1,167	$ 306,860

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

Integral Technologies, Inc.
Notes to the Consolidated Financial Statements

NOTE 1 - NATURE OF OPERATIONS

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

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

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("US GAAP") and are presented in United States dollars. We have prepared the consolidated financial statements included herein, without audit, pursuant to the rules and regulations of the United States Securities and Exchange Commission ("SEC"). The consolidated financial statements include the Company's wholly owned subsidiaries. Certain information and footnote disclosures normally included in the annual financial statements prepared in accordance with U.S. generally accepted accounting principles ("GAAP") have been condensed from the accompanying consolidated financial statements. The accompanying comparative year end consolidated balance sheet was derived from the audited financial statements included in the annual financial statements. The accompanying interim financial statements are unaudited, and reflect all adjustments which are in the opinion of management, necessary for a fair statement of the Company's consolidated financial position, results of operations, and cash flows for the periods presented. Unless otherwise noted, all such adjustments are of a normal, recurring nature. All intercompany transactions and balances have been eliminated in consolidation. The Company's results of operations and cash flows for the interim periods are not necessarily indicative of the results of operations and cash flows that it may achieve in future periods. Nevertheless, we believe that the disclosures are adequate to ensure the information presented is not misleading. These unaudited consolidated financial statements should be read in conjunction with our audited financial statements and the notes thereto for the year ended June 30, 2015 included in the Company's 10-K filed with the SEC on September 28, 2015.

Principles of consolidation

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

Basic and diluted net loss per share

Basic net loss per common share is computed by dividing the net loss attributable to common stockholders by the weighted-average number of common shares outstanding during the year. Diluted net loss per common share is computed by dividing the net loss by the weighted-average number of common shares and dilutive common share equivalents outstanding during the period. Because the Company has reported a net loss for all years presented, diluted net loss per common share is the same as basic net loss per common share for those years.

Integral Technologies, Inc.
Notes to the Consolidated Financial Statements

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Stock issued in exchange for services

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

Revenue recognition

The Company has not generated significant revenue since inception. Although the Company has begun to receive revenue from the sale of material for commercial applications, the Company is devoting substantially all its efforts to developing the business.

The Company signed a ten year license agreement with Hanwha Advanced Materials Corp. (“Hanwha”), of South Korea. For license agreements that the Company enters into, revenue is recognized when all four of the following criteria are met: (i) a contract is executed, (ii) the contract price is fixed and determinable, (iii) delivery of the service or products has occurred, and (iv) collectability of the contract amounts is reasonably assured.

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

Foreign currency translation

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

Advertising

Advertising costs are charged to operations when incurred. Advertising expense was $34,802 and $82,171 for the nine months ended March 31, 2016 and 2015, respectively. Advertising expense was $3,719 and $17,052 for the three months ended March 31, 2016 and 2015, respectively.

Research and development

The Company expenses all research and development expenditures as incurred.

Integral Technologies, Inc.
Notes to the Consolidated Financial Statements

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Financial instruments

We have issued financial instruments that contain embedded conversion features that qualify as derivatives and are therefore accounted for as liabilities. The derivative liability is initially recorded at fair value, with gains and losses arising from changes in fair value recognized in the consolidated statements of operations at each period end while such instruments are outstanding. The liability is valued using a Black-Scholes Model.

Fair value measurements

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

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

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

The fair value measurement of the derivative liability is classified as a Level 3 measurement as further discussed under Fair Value Measurements.

Income taxes

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

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

Integral Technologies, Inc.
Notes to the Consolidated Financial Statements

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Stock-based compensation

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

Property and Equipment

Property and equipment are recorded at cost and depreciated over the estimated useful lives using the straight-line method of depreciation. Amortization of the leasehold improvements is computed using the straight-line method over the lesser of the estimated useful lives of the underlying assets and the term of the related lease.

Reclassifications

For comparability certain 2015 amounts have been reclassified to conform to classifications adopted in 2016. These reclassifications did not have an impact on stockholders' deficit or net loss on the comparative consolidated financial statements.

Debt issuance costs

The Company present debt issuance costs as a direct deduction from the carrying value of that debt liability.

Recent Accounting Pronouncements

In May 2014, the FASB issued amended revenue recognition guidance to clarify the principles for recognizing revenue from contracts with customers. The guidance requires an entity to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The guidance also requires expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. Additionally, qualitative and quantitative disclosures are required about customer contracts, significant judgments and changes in judgments, and assets recognized from the costs to obtain or fulfill a contract. The requirements are effective for annual reporting periods beginning after December 15, 2017. Early adoption is not permitted. We are evaluating the impact of the amended revenue recognition guidance on our financial statements.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Accounting Pronouncements (Continued)

In August 2014, the FASB issued ASU 2014-15, Disclosure of Uncertainties About an Entity's Ability to Continue as a Going Concern ("ASU 2014-15"). ASU 2014-15 provides guidance on determining when and how to disclose going-concern uncertainties in the financial statements. The new standard requires management to perform interim and annual assessments of an entity's ability to continue as a going concern within one year of the date the financial statements are issued. An entity must provide certain disclosure if conditions or events raise substantial doubt about the entity's ability to continue as a going concern." ASU 2014-15 applies to all entities and is effective for annual period ending after December 15, 2016, and interim periods thereafter, with early adoption permitted. The adoption of this standard is not expected to have a material impact on the Company's financial position, results of operations or cash flows.

In March 2016, the FASB issued ASU 2016-09, *Compensation – Stock Compensation: Improvements to Employee Share-Based Payment Accounting,* which relates to the accounting for employee share-based payments. This standard addresses several aspects of the accounting for share-based payment award transactions, including: (a) income tax consequences; (b) classification of awards as either equity or liabilities; and (c) classification on the statement of cash flows. This standard will be effective for fiscal years beginning after December 15, 2016, including interim periods within those fiscal years. The Company is currently evaluating the impact the adoption of this ASU will have on our financial statements.

NOTE 3 - GOING CONCERN

These consolidated financial statements have been prepared on a going concern basis, which assumes the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the ordinary course of business. The Company's operations have resulted in a net loss of $3,812,593 for the nine months ended March 31, 2016 (2015 - $3,108,687), and an accumulated deficit of $56,795,177 (fiscal year ended June 30, 2015 - $52,982,584) and a working capital deficiency of $1,938,995 as of March 31, 2016 (fiscal year ended June 30, 2015 - $488,067). The Company does not have sufficient revenue-producing activities to fund its expenditure requirements to continue to advance researching, developing and commercializing its conductive plastics technology, ElectriPlast. On May 5, 2016, the Company raised $900,000 through a convertible debt issuance which will be used to find operations (note 12). The Company estimates that it will require further equity and debt funding to complete its operational objectives within the next six months. These factors raise substantial doubt about the Company's ability to continue as a going concern.

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

NOTE 4 - STOCKHOLDERS' DEFICIT

Common stock

During the nine months ended March 31, 2016, the Company completed the following private placement:

(i) Completed a private placement amounting to $28,000 for the issuance of 56,000 shares of common stock at $0.50 per share.

During the nine months ended March 31, 2016, the Company issued shares of common stock to settle the following debt:

Integral Technologies, Inc.
Notes to the Consolidated Financial Statements

NOTE 4 - STOCKHOLDERS' DEFICIT (CONTINUED)

Common stock (continued)

(i) Pursuant to a promissory note agreement, the Company issued 13,000 shares of common stock measured at a fair value of $0.48 per share resulting in a total value of $6,220 which was recorded in common stock and paid in capital in excess of par.

(ii) The Company issued 4,201,374 shares of common stock to settle $1,047,184 of a convertible debt and derivative liability (note 9).

Stock-based compensation

During the nine months ended March 31, 2016 and 2015, the Company recorded stock-based compensation expense with respect to vesting restricted stock of $134,688 and $139,636, respectively. During the three months ended March 31, 2016 and 2015, the Company recorded stock-based compensation expense with respect to vesting restricted stock of $44,896 and $44,896, respectively. Stock-based compensation expense is included in selling, general, and administrative expenses.

Stock-based compensation not yet recognized at March 31, 2016 relating to non-vested restricted stock was $241,471, which will be recognized over a weighted average life of 1.34 years.

During the nine months ended March 31, 2016, there were no new stock option or restricted stock grants or modifications.

Stock purchase warrants

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

	Number of Warrants	Price Per Share	Weighted Average Exercise Price
Balance, June 30, 2015	25,554,938	$ 0.25 - $0.60	$ 0.33
Issued	-	-	-
Expired	(11,033,060)	$ 0.30 - $0.60	$ 0.33
Cancelled	-	-	-
Exercised	(3,265,569)	$ 0.30 - $0.50	$ 0.31
Balance, March 31, 2016	11,256,309	$ 0.30 - $0.50	$ 0.35

The following summarizes modifications to share purchase warrants outstanding during the nine months ended March 31, 2016:

- 3,313,572 investor warrants expiring October 1, 2015 and exercisable at $0.30 were extended to December 21, 2015;
- 150,000 investor warrants expiring October 1, 2015 and exercisable at $0.30 were extended to March 31, 2016;
- 400,000 investor warrants expiring October 1, 2015 and exercisable at $0.30 were extended to March 31, 2016;
- 955,646 investor warrants expiring October 1, 2015 and exercisable at $0.30 were extended to November 25, 2016;
- 100,000 investor warrants expiring October 1, 2015 and exercisable at $0.50 were extended to March 31, 2016 and re-priced to $0.30;

Integral Technologies, Inc.
Notes to the Consolidated Financial Statements

NOTE 4 - STOCKHOLDERS' DEFICIT (CONTINUED)

Stock purchase warrants (continued)

- 135,294 investor warrants expiring December 1, 2015 and exercisable at $0.30 were extended to March 31, 2016;
- 800,000 investor warrants expiring December 1, 2015 and exercisable at $0.50 were extended to March 31, 2016;
- 112,875 investor warrants expiring December 1, 2015 and exercisable at $0.30 were extended to February 16, 2016;
- 588,236 investor warrants expiring December 1, 2015 and exercisable at $0.30 were extended to November 25, 2016;
- 3,313,572 investor warrants expiring December 21, 2015 and exercisable at $0.30 were extended to March 31, 2016;
- 157,000 investor warrants expiring December 31, 2015 and exercisable at $0.30 were extended to November 25, 2016;
- 1,484,050 investor warrants expiring February 16, 2016 and exercisable at $0.30 were extended to March 31, 2016; and
- 466,629 investor warrants expiring February 16, 2016 and exercisable at $0.30 were extended to November 25, 2016;

The modifications of warrants resulted in no additional expense.

Share obligations

Pursuant to a consulting agreement with the CFO dated August 19, 2013, the Company is obligated to pay $5,000 to $12,500 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 of March 31, 2016, no shares have been issued. As such, a total of 186,000 shares of common stock are issuable. The obligation to issue shares of common stock was measured at a weighted average fair value of $0.45 per share on the date each series of shares became issuable. During the nine months ended March 31, 2016, $23,340 (2015 - $33,660) was recorded as an obligation to issue shares and during the three months ended March 31, 2016, $5,280 (2015 - $11,580) was recorded as an obligation to issue shares within selling, general and administration expense. As of March 31, 2016, a total balance of $83,820 remains as an obligation to issue the shares within equity, as this obligation can only be satisfied in shares of common stock.

During the three months ended March 31, 2016, the Company received conversion notices to issue 950,000 shares of common stock to settle $280,282 of convertible debentures and derivative liabilities (note 9) recorded as an obligation to issue shares within equity. These shares were issued in April 2016.

NOTE 5 - INCOME TAXES

There are no current or deferred tax expenses for the nine months ended March 31, 2016, 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 to provide a full valuation allowance for financial reporting purposes. As of March 31, 2016, the Company had a net operating loss carry-forward of $43,044,000.

Integral Technologies, Inc.
Notes to the Consolidated Financial Statements

NOTE 6 - SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	Nine Months Ended March 31, 2016	Nine Months Ended March 31, 2015
Changes in working capital		
Accounts receivable	$ (7,770)	$ -
Prepaid expenses	39,152	39,231
Accounts payable and accruals	591,523	(54,431)
	$ 622,905	$ (15,200)
Shares issued for:		
Subscriptions received	$ 107,500	$ 158,625
Settlement of debt	-	125,000
Settlement of convertible debenture	1,047,182	-
Debt reduction adjustment on extinguishment (note 9)	348,437	-
Financed prepaid D&O insurance (note 10(a))	91,221	90,705
Supplemental cash flow information:		
Interest paid	$ 14,760	$ 11,275

NOTE 7 - RELATED PARTY TRANSACTIONS

As of March 31, 2016, $36,000 (June 30, 2015 - $60,480) was included in accounts payable and accruals owed to the Company's executives for outstanding managements fees, consulting fees and business related reimbursements, and are without interest or stated terms of repayment.

NOTE 8 - SEGMENT INFORMATION

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

Integral Technologies, Inc.
Notes to the Consolidated Financial Statements

NOTE 9 - CONVERTIBLE DEBENTURES

During the nine months ended March 31, 2016, the Company had the following convertible debenture agreements, summarized as follows:

(a) Vis Vires Group, Inc.:

- On July 23, 2015, a total of $165,000 (extinguished during the three months ended September 30, 2015) was received, net of $4,000 in legal fees. The convertible debt was due April 27, 2016;
- On August 20, 2015, a total of $100,000 (extinguished during the three months ended September 30, 2015) was received, net of $4,000 in legal fees. The convertible debt was due May 25, 2016;
- On November 17, 2015, a total of $100,000 (extinguished during the three months ended March 31, 2016) was received, net of $4,000 in legal fees. The convertible debt was due August 19, 2016; and
- On January 28, 2016, a total of $75,000 (extinguished during the three months ended March 31, 2016) was received, net of $3,500 in legal fees. The convertible debt was due November 1, 2016.

The convertible debentures accrue 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. The debenture has a conversion price equal to 63% 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. Any amount of principal that is not paid when due bears interest at a rate of 22% per annum.

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

- Outstanding principal multiplied by 107% together with accrued interest and unpaid interest thereon if prepaid within a period of 30 days beginning on the date of issuance of the note;
- Outstanding principal multiplied by 113% together with accrued interest and unpaid interest thereon if prepaid at any time during the period beginning 31 days from the date of issuance of the note and ending on the date that is 60 days following the date of the note;
- Outstanding principal multiplied by 118% together with accrued interest and unpaid interest thereon if prepaid at any time during the period beginning 61 days from the date of issuance of the note and ending on the date that is 90 days following the date of the note.
- Outstanding principal multiplied by 123% 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 120 days following the date of the note.
- Outstanding principal multiplied by 128% together with accrued interest and unpaid interest thereon if prepaid at any time during the period beginning 121 days from the date of issuance of the note and ending on the date that is 150 days following the date of the note.
- Outstanding principal multiplied by 130% together with accrued interest and unpaid interest thereon if prepaid at any time during the period beginning 151 days from the date of issuance of the note and ending on the date that is 180 days following the date of the note.

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

On September 23, 2015, the first two convertible debentures with Vis Vires Group, Inc. were transferred to River North Equity LLC with identical terms with the exception of the maturity date of the note (note 9(b)). The transfer of debt was accounted for as an extinguishment of debt with a gain on extinguishment of $1,927 recognized in the consolidated statement of operations.

Integral Technologies, Inc.
Notes to the Consolidated Financial Statements

NOTE 9 - CONVERTIBLE DEBENTURES (CONTINUED)

(a) Vis Vires Group, Inc. (continued):

On March 21, 2016, the second two convertible debentures with Vis Vires Group, Inc. were transferred to Vista Capital Investments, LLC with identical terms with the exception of the maturity date of the note and a lower interest rate (note 9(c)). The transfer of debt was accounted for as an extinguishment of debt with a gain on extinguishment of $67,148 recognized in the consolidated statement of operations during the three months ended March 31, 2016.

The embedded conversion feature of the convertible debentures were treated as derivative liabilities 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. Debt issuance costs have been recorded as a reduction to the debt.

During the nine months ended March 31, 2016, the total net proceeds allocated to the derivative liability components were $136,974 with the residual net proceeds of $38,026 allocated to the debt components at inception.

(b) River North Equity LLC

- On September 23, 2015, a replacement note of $273,000 (extinguished during the three months ended March 31, 2016) was received in exchange with the two convertible notes with Vis Vires Group, Inc. (described above). The new convertible debt is due September 21, 2016. The terms of this convertible debt are identical to the terms with Vis Vires Group, Inc. (above);
- On September 24, 2015, a total of $98,950 (extinguished during the three months ended March 31, 2016) was received, net of $5,000 in legal fees and $61,050 in Other Issue Discount ("OID"). The convertible debt is due December 31, 2016;

The convertible debenture accrues 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. The debenture has a conversion price equal to 63% of the market price. Market price is defined as the average of the lowest trading price 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 9.99% of the issued and outstanding common stock at the time of conversion. Any amount of principal that is not paid when due bears interest at a rate of 18% per annum.

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

- Outstanding principal multiplied by 105% together with accrued interest and unpaid interest thereon if prepaid within a period of 30 days beginning on the date of the Note
- Outstanding principal multiplied by 110% together with accrued interest and unpaid interest thereon if prepaid at any time during the period beginning 31 days from the date of the Note and ending on the date which is 60 days following the date of the Note
- Outstanding principal multiplied by 118% together with accrued interest and unpaid interest thereon if prepaid at any time during the period beginning 61 days from the date of the Note and ending on the date which is 90 days following the date of the Note
- Outstanding principal multiplied by 123% together with accrued interest and unpaid interest thereon if prepaid at any time during the period beginning 91 days from the date of the Note and ending on the date which is 120 days following the date of the Note
- Outstanding principal multiplied by 130% together with accrued interest and unpaid interest thereon if prepaid at any time during the period beginning 121 days from the date of the Note and ending on the date which is 180 days following the date of the Note

Integral Technologies, Inc.
Notes to the Consolidated Financial Statements

NOTE 9 - CONVERTIBLE DEBENTURES (CONTINUED)

(b) River North Equity LLC (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 two outstanding convertible debt notes with River North LLC (described above) were exchanged for new convertible debentures as follows:

(i) On February 4, 2016, a portion of the $273,000 convertible debenture was transferred to an independent lender. A new note totalling $127,786 was issued representing the original principle of $104,000, accrued interest of $3,100 and an additional $20,686 as consideration for the amending the terms of the convertible debt.

The maturity date of the new convertible debt is February 1, 2018 and is stated without interest.

As of the effective date of the convertible debt note, the lender may convert all or part of the unpaid principal and accrued interest into common stock at its sole discretion. All balances outstanding have a variable conversion price equal to 63% of the market price. The market price is defined as the lowest five trading prices in the 25 days prior to the conversion date. The lender is limited in its sale of the Company's common shares to the greater of 15% of the total number of common shares traded in that same week, or $10,000 in dollar volume per week and a limitation of 4.99% of the issued and outstanding common stock at the time of conversion unless the market capitalization of the Company falls below $2,500,000, then the limit will increase to 9.99%.

(ii) On February 5, 2016, the remaining convertible debentures were transferred to SBI Investments, LLC and an independent lender. The replacement notes were issued with identical terms as described above with the exception of the maturity dates of the notes being extending to February 5, 2017:

The replacement notes with SBI Investment total $273,575, representing transferred principle of $222,667, accrued interest of $6,375 and an additional $44,533 as consideration for amending the terms of the convertible debt.

The replacement notes with the independent lender total $136,787, representing transferred principle of $111,333, accrued interest of $3,187 and an additional $22,267 as consideration for amending the terms of the convertible debt.

The transfer of their debts were accounted for as an extinguishment of debt with a gain on extinguishment of $75,149 recognized in the consolidated statement of operations during the three months ended March 31, 2016.

The embedded conversion features of the convertible debentures were treated as derivative liabilities 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. Debt issuance costs have been recorded as a reduction to the debt.

During the nine months ended March 31, 2016, the net proceeds of the River North Equity LLC notes allocated to derivative liability components were $290,375 with the residual net proceeds of $81,575 allocated to the debt components at inception. The net proceeds of the new replacement notes allocated to derivative liability components were $508,587 with the residual net proceeds of $29,561 allocated to debt components at inception.

NOTE 9 - CONVERTIBLE DEBENTURES (CONTINUED)

(c) Vista Capital Investments, LLC

- On March 21, 2016, a new note with a principle of $126,000 (inclusive of $8,507 in interest and a premium of $13,493) was received in exchange for the $104,000 convertible note with Vis Vires Group, Inc. (note 9(a)). The new convertible debt is due January 1, 2017; and
- On March 21, 2016, a new note with a principle of $89,250 (inclusive of $5,858 in interest and a premium of $4,892) was received in exchange for the $78,500 convertible note with Vis Vires Group, Inc. (note 9(a)). The new convertible debt is due January 1, 2017;

The convertible debentures include an up-front interest charge of 5% due at maturity and can be converted into common stock at the option of the holder at any time after date of issuance. The debenture has a conversion price equal to 63% of the market price. Market price is defined as the lowest trading price for the Company's common stock during the twenty-five 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 unless the market capitalization of the Company falls below $2,500,000, then the limit will increase to 9.99%.

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

- Outstanding principal multiplied by 145% together with accrued interest and unpaid interest thereon if prepaid within a period of 150 days beginning on the date of issuance of the note;

After the expiration of the 150 days following the date of issuance of the debentures, the Company will have no right of prepayment.

The embedded conversion feature of the convertible debentures were treated as derivative liabilities measured at fair value on inception and at each reporting date with the debt components being allocated the residual value of the debt and amortized using the effective interest method to its maturity value. Debt issuance costs have been recorded as a reduction to the debt.

During the nine months ended March 31, 2016, the total net proceeds allocated to the derivative liability components were $215,250 with the residual net proceeds of $0 allocated to the debt components at inception.

Integral Technologies, Inc.
Notes to the Consolidated Financial Statements

NOTE 9 - CONVERTIBLE DEBENTURES (CONTINUED)

(d) JMJ Financial

The total amount that may be borrowed with JMJ Financial is $650,000, which includes an upfront OID fee of 8%.

On signing the agreement, the first advance of $300,000 was received by the Company from the lender. At the sole discretion of the lender, additional consideration may be advanced to the Company; however, the Company has the right to reject any of those payments within 24 hours of receipt of payment. Each advance received by the Company is due two years from delivery of payment. As at March 31, 2016, the following amount is payable:

· On September 30, 2015, received $300,000, net of an upfront fee of $26,087;

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 8% will be immediately applied to the principal.

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 75% of the market price. The market price is defined as the lowest two trading prices in the 20 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. Debt issuance costs have been recorded as a reduction to the debt.

During the nine months ended March 31, 2016, the net proceeds allocated to the derivative liability component was $234,087 with the residual net proceeds of $65,913 allocated to the debt component at inception.

Integral Technologies, Inc.
Notes to the Consolidated Financial Statements

NOTE 9 - CONVERTIBLE DEBENTURES (CONTINUED)

During the nine months ended March 31, 2016, $419,641 of the face value of debentures were extinguished by issuing 4,201,374 shares of common stock of the Company, and $1,047,184 representing the fair value of the derivative liabilities and the amortized cost of convertible debentures settled was included as additional paid in capital.

As of March 31, 2016, the total amortized value of the outstanding convertible debentures were $106,960 (June 30, 2015 - $94,107) and the total fair value of the outstanding derivative liabilities were $710,512 (June 30, 2015 - $87,821).

During the nine months ended March 31, 2016, a fair value loss on the derivative liability of $887,707 (2015 - $11,994 gain) was recognized. During the three months ended March 31, 2016, a fair value loss on the derivative liability of $848,208 (2015 – fair value gain of $12,990) was recognized. As of March 31, 2016, $731,532 of the fair value loss relates to the conversion features associated with the outstanding debentures with the remaining $156,175 related to the conversion features associated with the debentures that were settled and extinguished.

As of March 31, 2016, 4,809,087 (June 30, 2015 - 343,177) common shares of the Company would be required to settle the remaining tranches of convertible debt at a weighted average conversion price of $0.12 (June 30, 2015 - $0.26) per common share.

As of March 31, 2016, the face value of convertible debentures is $566,770 (June 30, 2015 - $133,976), which includes accrued interest of $13,884 (June 30, 2015 - $4,976).

During the nine months ended March 31, 2016, debt discount amortization of $380,577 (2015 - $103,956) was recorded as interest expense. During the three months ended March 31, 2016, debt discount amortization of $176,273 (2015 - $74,333) was recorded as interest expense.

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

The following assumptions were used in determining the fair value of the derivative liabilities at inception during the nine months ended:

	March 31, 2016
Share price	0.23 – 0.50
Conversion price	0.11 – 0.37
Expected life (years)	0.78 – 2.00
Interest rate	0.42 - 0.63%
Volatility	76.39 – 94.03%
Dividend yield	N/A
Estimated forfeitures	N/A

Integral Technologies, Inc.
Notes to the Consolidated Financial Statements

NOTE 9 - CONVERTIBLE DEBENTURES (CONTINUED)

The following assumptions were used in determining the fair value of the derivative financial liabilities as of:

	March 31, 2016	June 30, 2015
Share price	0.25	0.64
Conversion price	0.11 – 0.14	0.39
Expected life (years)	0.76 – 1.85	0.27
Interest rate	0.39 - 0.55%	0.58%
Volatility	92.02 – 108.46%	65.73%
Dividend yield	N/A	N/A
Estimated forfeitures	N/A	N/A

NOTE 10 – LOANS PAYABLE

During the nine months ended March 31, 2016, the Company entered into the following loan agreements, summarized as follows:

(a) On Jan 1, 2016, the Company entered into a new financing arrangement to cover directors' and officers' liability insurance for the period December 31, 2015 to December 31, 2016. The amount financed was $91,221, which bears interest at 3.189% annually. A down payment on the loan of $18,045 was made at inception of the loan. Monthly payments of $8,084 are required to settle amounts owing. The balance outstanding as of March 31, 2016 was $56,915.

As of March 31, 2016, $68,415 (June 30, 2015 – $45,351), representing the unamortized portion of prepaid insurance, is included in prepaid expenses on the consolidated balance sheet.

(b) On January 1, 2016, the Company entered into a short term loan agreement with a maturity date of July 1, 2016, for $110,000. A one-time interest charge of 5% or $5,500 is due at maturity of the loan. The loan was entered into to settle marketing fees payable. As of March 31, 2016, the loan balance on the consolidated balance sheet is $112,750, which includes accrued interest of $2,750.

In the event of a default on the loan, the unpaid principal amount together with the interest shall immediately increase by 130% and the lender will have the right to convert the outstanding balance into shares of the Company's common stock. The outstanding balance will have a variable conversion price equal to 65% of the market price. The market price is defined as the lowest trading price in the 15 days prior to the conversion date. The lender is limited to 4.99% of the issued and outstanding common stock at the time of conversion unless the market capitalization of the Company falls below $2,500,000, then the limit will increase to 9.99%.

The Company is not currently in default of the loan and expects to settle the debt with cash, no consideration for the default conversion feature has been accounted for.

Integral Technologies, Inc.
Notes to the Consolidated Financial Statements

NOTE 10 – LOANS PAYABLE (CONTINUED)

(c) On March 8, 2016, the Company entered into a short term loan agreement with a maturity date of May 8, 2016, for $120,000 net of legal fees of $6,000. A one-time OID fee of $20,000 was applied to the balance at inception of the loan. As of March 31, 2016, the loan balance on the consolidated balance sheet is $127,869 which includes amortization of debt issue costs of $10,230.

In the event of a default on the loan, the unpaid principal amount together with the OID shall bear interest at 22% and the lender will have the right to convert the outstanding balance into shares of the Company's common stock. The outstanding balance will have a variable conversion price equal to 60% of the market price. The market price is defined as the lowest trading price in the 25 days prior to the conversion date. The lender is limited to 4.99% of the issued and outstanding common stock at the time of conversion unless the market capitalization of the Company falls below $2,500,000, then the limit will increase to 9.99%.

As the Company is not in default of the loan and expects to settle the debt with cash, no consideration for the conversion feature has been accounted for.

(d) On March 30, 2016, the Company entered into a short term loan agreement with a maturity date of April 4, 2016, for $10,000. A one-time interest charge of $250 was applied to the balance at inception of the loan. This loan was subsequently repaid in cash. As of March 31, 2016, the loan balance on the consolidated balance sheet was $10,000.

NOTE 11 - DEFERRED REVENUE

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

The agreement called for license fees as follows:

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

The payments have been recorded as deferred revenue, which will be recognized as license fee revenue in the consolidated statements of operations over the life of the ten-year contract. During the nine months ended March 31, 2016, $37,500 (fiscal year ended June 30, 2015 - $50,000) has been recognized as revenue.

As of March 31, 2016 and June 30, 2015, the remaining deferred revenue was as follows:

	March 31, 2016	June 30, 2015
Current	$ 50,000	$ 50,000
Non-current	333,333	370,833
	$ 383,333	$ 420,833

Integral Technologies, Inc.
Notes to the Consolidated Financial Statements

NOTE 12 - SUBSEQUENT EVENTS

Subsequent to March 31, 2016, the following events occurred:

(a) On April 4, 2016, the company entered into a convertible debt agreement with Vis Vires Group, Inc. A total of $125,000 was received, net of $3,500 in legal fees. The convertible debenture is due December 29, 2016, and has identical terms and conditions to those as described in note 9(a);

(b) The Company issued 1,650,000 (of which 750,000 included in obligation to issue shares) common shares to settle face value of convertible debt of $191,125, with JMJ Financial (note 9(d));

(c) During April 2016, the Company issued 529,174 (of which 200,000 included in obligation to issue shares) common shares to settle face value of convertible debt of $53,622 with an independent lender (note 9(b)(i));

On April 22, 2016, the Company issued 2,000,000 common shares to settle face value of convertible debt of $126,000 with Vista Capital Investments, Inc. (note 9(c));

(d) On May 5, 2016, the Company entered into a convertible debt agreement with JMJ Financial. A total of $900,000 was received, net of an upfront OID 10% fee of $100,000. The convertible debenture is due May 5, 2017.

No interest will be applied to the principal balance for the first 90 days after cash advance. After the first 90 days, a one-time interest charge of 12% will be immediately applied to the principal.

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 65% of the market price. The market price is defined as the lowest two trading prices 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 120 days following the delivery date of any consideration, the Company will have no right of prepayment without written consent of the lender.

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

- Outstanding principal multiplied by 120% together with accrued interest and unpaid interest thereon if prepaid within a period of 90 days beginning on the date of the Note.
- Outstanding principal multiplied by 140% together with accrued interest and unpaid interest thereon if prepaid at any time during the period beginning 91 days from the date of the Note and ending on the date which is 180 days following the date of the Note.

Pursuant to the terms of the financing, the Company is required to use a portion of the proceeds to settle all outstanding convertible debentures with other lenders.

In addition to the convertible debt, the Company issued 1,250,000 share purchase warrants with an expiry date of May 5, 2018. The exercise price of the warrants will be the lessor of $0.20 per share, the lowest trade price in the 10 days previous to exercise or the adjusted price.

At any time while the warrants are outstanding, any subsequent sale of shares of common stock, or any agreement whereby the holder may acquire common stock at an effective exercise price per share less than the warrant exercise price in effect, the exercise price of these warrants will automatically adjust to this new lower exercise price. Further, these warrants are cashless and the number of shares received will be equivalent to the gain between the market price of shares at the time of exercise and the exercise price of warrant.

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, 2015 as filed with the Securities and Exchange Commission on September 28, 2015, 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 focuses the majority of its resources on researching, developing and commercializing its ElectriPlast® technologies. The technology possesses a multitude of applications in a myriad of industries. These include the auto industry, the aerospace, consumer electronics, and commercial aviation industries, among others. One key factor that could drive demand for ElectriPlast is the need for light-weighting. Automotive and aerospace are leading the way to achieve reduced emissions and increased fuel economy. Light-weighting involves the substitution of lighter materials, often times using carbon-fiber based, for heavier (aluminum and other metals) materials.

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

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

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

During the quarter ended March 31, 2016, several steps were taken by the Company to mature certain client relationships and applications while also addressing on-going funding requirements. The Company signed a global Reseller and Marketing Agreement with a leading nickel-plating carbon fiber manufacturer dated March 1, 2016. The agreement provides exclusivity for certain major customer(s) with a provision for expanding the exclusivity rights to the Company. Nickel-plated carbon fiber is a key conductive material in the making of ElectriPlast® and the Company will pursue other opportunities that strengthens its relationship with key suppliers. Earlier in 2015, the Company filed non-provisional patents associated with its bipolar battery technology and bipolar plate products. The Company believes the bipolar battery plate and associated power storage technology provides long-sought breakout weight savings and performance benefits for the lead-acid battery market. The company intends to develop the power storage technology as an Integral Technologies business unit and will seek partners to fully develop batteries for consumer and industrial consumption. The first prototype battery utilizing the ElectriPlast bipolar technology was produced in 2015. The battery was produced by Advanced Battery Concepts. Based on the initial prototype and a series of discussion during the quarter, the Company announced on April 26, 2016 a Joint Technology Assessment Program with Advanced Battery Concepts, an industry leader in large format bi-polar battery design and manufacture.

Companies continue to incorporate ElectriPlast in their on-going product development evaluations. On March 30, 2016, the Company announced that LeddarTech includes ElectriPlast material to produce lens barrels in its latest release of its LeddarOne Sensing Module, a compact and low-cost lidar that provides valuable presence detection and distance measurement capabilities to a wide range of finished products. In the announcement, LeddarTech highlighted the superior qualities of ElectriPlast in the key areas of weight-reduction, cost, and robustness in the demanding environment of drone aircraft.

In Asia, the Company, through its newly signed reseller agreement, provided conductive material containing nickel-plated carbon fiber material to Hanwha Advanced Materials Corp.for prototype development for a major auto manufacturer based in Asia that is developing six (6) new applications. The Company continues to support Chang Rim Eng Inc. ("Chang Rim") as it readies to commercialize ElectriPlast® in South Korea. The Company announced on October 8, 2014 that Chang Rim had successfully completed its prototype phase for a motor casing targeting the domestic Asia automotive market. On August 20, 2015, the Company announced with Chang Rim the largest ElectriPlast order in the Company's history. The company continues to make progress in shielding in the electric vehicle market. During the quarter, the Company provided ElectriPlast material and applications support to a Tier 1 company for finalizing an application for an electric vehicle. The company has been approved as a supplier for the domestic Tier 1 for the purpose of supplying ElectriPlast for a specific electric vehicle platform expected to go into production in 2016. The company expects initial commercial orders to be produced in the second half of 2016.

In January the Company and a Tier 1 partner reached a technical milestone when its wire shielding application currently under development obtained the highest shielding effectiveness to date. The Company believes the level of shielding effectiveness validates the commercial viability of the technology. The companies have completed subsequent trials and continue to work towards commercialization for an effective alternative in replacing the more-costly metal, braided shielding.

The Company entered into a term sheet dated April 19, 2015 with a conductive plastics compounder (the "Compounder") for the purpose of acquiring all the assets of the Compounder, with the Compounder remaining a separate entity. The Compounder is a niche supplier with an international customer base. The Company's strategic interest in the Compounder is its equipment and expertise in conductive material compounding, as well as its customer base. The term sheet contemplated that upon the closing, all sales and marketing would be performed by the Company, and the Compounder would become the sole manufacturer for the Company. In October 2015, the founder and majority shareholder of the Compounder died from an accident before the transaction could be completed. Due to the complexity of the deceased's estate an executor has not been identified and the final disposition of the Compounder is unclear. Subsequently, all manufacturing employees left the Compounder and its customers turned to other suppliers.

In March 2016, the Company contacted one of the Compounder's major customers and was able to negotiate a new order for the Compounder. The Company was able to contact several former manufacturing employees of the Compounder who will make the material for the order this one time. The Company anticipates that the material will be shipped in May 2016. The Company is exploring all its options as it relates to the Compounder, however, a final business conclusion remains unclear.

On November 16, 2015, the Company entered into an oral understanding with a global manufacturing company (the "Licensee") regarding certain exclusive and non-exclusive licensing rights to the Company's existing ElectriPlast technology. The oral understanding agreed upon between the parties included various business terms involving the licensing of the Company's technology, including, but not limited to, license fees, the scope of the license, the territory of the license and ownership of any products. After this oral understanding was reached between the parties, the Company received documentation from the Licensee which it believes did not accurately reflect the business terms which had previously been agreed to. The Company is currently working with the Licensee to work though the discrepancies in the business terms that were previously agreed to so definitive documentation can be executed between the parties. The closing of the transactions contemplated by the proposed arrangement is subject to, among other things, approval of the board of directors of both parties and execution of definitive documentation. The Company anticipates that the transactions contemplated by this arrangement will be consummated prior to the end of Company's fiscal year ended June 30, 2016; however, there can be no assurance that the transactions described above will ever be consummated.

A key priority for the Company is to build and expand the reach of its business development activities, as well as enhance the quality of its internal governance mechanisms. On January 13, 2016 the Company announced the addition of Douglas R. Mathias ("Mathias") to its Board of Directors. Mathias is the President and CEO of Jasper Rubber, which specializes in the mixing and manufacture of Rubber, TPE, and Plastic components for the Filtration, Automotive, and Appliance Industries. Concurrently, William Ince resigned from the Board.

Funding remains a priority for the Company, and during the nine months ended March 31, 2016, $1,820,080 was raised through a combination of stock warrant exercises, debt and limited new share placements, net of loan repayments.

Patents/Trademarks on Technologies

Our intellectual property portfolio consists of over fourteen years of accumulated research and design knowledge and trade secrets. We have sought United States ("US") patent protection for many of our ideas related to our ElectriPlast® technologies. Currently, we have filed 117 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 117 non-provisional applications filed that have not issued as patents, 9 are currently pending, and 53 are no longer pending. Integral continues to pursue intellectual property protection through its patent and trademark portfolio while constantly evaluating its filings to judiciously apply resources to our most critical technologies. Integral has filed 12 Canadian patent applications, 2 of which have issued, with 10 no longer being active. Integral has filed an International patent application, which published on September 25, 2014, claiming features of the Company's capsule. Subsequent to the year end the Company filed national stage applications based on this PCT on September 15, 2015 in Canada, Mexico, Brazil, China, Japan, South Korea, Europe, Malaysia, Saudi Arabia, India, Thailand, Philippines, Singapore and Australia. On August 10, 2015, the Company also filed new US and PCT patent applications for a Bipolar Plate and Method of Making and Using Same.

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

Financial Condition

To date we have recorded nominal revenues. Although the Company has begun to receive some revenue from the sale of material for commercial applications, the Company is devoting substantially all of its efforts to developing the business. From inception on February 12, 1996 through March 31, 2016, we have accrued an accumulated deficit of approximately $57 million.

As of March 31, 2016, our assets were $203,881, consisting of cash of $1,167, accounts receivable of $7,770, prepaid expense of $116,610, deposit of $2,500 and fixed assets of $75,834.

As of March 31, 2016, current liabilities of $2,064,542 consisting of accounts payable and accruals of $887,175, loans payable of $309,895, deferred revenue of $50,000, convertible debentures of $106,960 and derivative liabilities of $710,512. Non-current liabilities consist of deferred revenues of $333,333.

As of March 31, 2016, total stockholders' deficit was $2,193,994.

Results of Operations of the Three Months Ended March 31, 2016 compared to the Three Months Ended March 31, 2015

Our net loss for the three months ended March 31, 2016, was $1,736,793 compared to a net loss of $1,155,968 for the corresponding period of the prior period representing an increase of $580,825. Significant changes for the three months ended March 31, 2016, compared to the corresponding period of the prior fiscal year have been described as follows:

- Revenues decreased by $30,100. The decrease is attributed to the Company earning a one-time $45,000 in engineering services associated with the East Penn Manufacturing Co. (Deka) agreement for the corresponding period of the prior fiscal year. The remaining difference relates to revenues associated with sales of ElectriPlast in the current period.

Operating expense for the three months ended March 31, 2016, was $873,220 compared to operating expense of $1,125,464 for the corresponding period of the prior fiscal year, a decrease of $252,244. Significant changes for the three months ended March 31, 2016, compared to the corresponding period of the prior fiscal year have been described as follows:

- Consulting fees decreased by $419,963. Consulting fees of $195,280, includes non-cash share obligation for services of $5,280 compared to non-cash shares issued for services of $6,750 and obligation to issue shares of $11,580 in the corresponding period of the prior fiscal year. The decrease is due to implementing cost saving strategies and reduction in use of external consultants. As described in the notes to the financial statements, the fair value of the share obligations were measured in reference to their market value on the date each series of shares became issuable;

Significant changes for other income and expenses for the three months ended March 31, 2016, compared to the corresponding period of the prior fiscal year have been described as follows:

- Fair value loss on derivative financial liabilities was $848,208 compared to a gain of $12,990 in the corresponding period of the prior fiscal year. During the three months ending March 31, 2016, the Company primarily used debt and equity financing to fund operations; whereas, in the corresponding period of the prior fiscal year, the Company primarily funded operations through equity financings and did not have a significant amount debt outstanding at period end. As described in the notes to the financial statements, the fair value of the derivative liabilities were measured using the Black-Scholes option pricing model.

- Gain on extinguishment of convertible debenture was $142,297 compared to a loss of $6,557 in the corresponding period of the prior fiscal year. During the three months ended March 31, 2016, the Company transferred its convertible debt to new lenders for more favorable terms resulting in gains on these extinguishments being recognized. In the prior year, the Company settled a convertible debt in cash resulting in a loss on early extinguishment.
- Interest expense increased by $95,476 for the three months ended March 31, 2016, due to the increase in convertible debt transactions incurred. Included in interest expense is the amortization of the convertible debt discount of $176,273 (2015 - $74,353). Remaining change in interest expense is due to minimal fluctuations on interest on the loan that were entered into during the current quarter.

Results of Operations of the Nine Months Ended March 31, 2016 compared to the Nine Months Ended March 31, 2015

Our net loss for the nine months ended March 31, 2016, was $3,812,593 compared to a net loss of $3,108,687 for the corresponding period of the prior period representing an increase of $703,906. Significant changes for the nine months ended March 31, 2016, compared to the corresponding period of the prior fiscal year have been described as follows:

- Revenues decreased by $140,439. The decrease is attributed to the Company earning a one-time $150,000 in engineering services associated with the East Penn Manufacturing Co. (Deka) agreement for the corresponding period of the prior fiscal year. The remaining difference relates to revenues associated with sales of ElectriPlast.

Operating expense for the nine months ended March 31, 2016, was $2,729,177 compared to operating expense of $3,191,959 for the corresponding period of the prior fiscal year, a decrease of $462,782. Significant changes for the nine months ended March 31, 2016, compared to the corresponding period of the prior fiscal year have been described as follows:

- Consulting fees decreased by $588,304. Consulting fees of $697,905, includes non-cash share obligation for services of $23,340 and shares issued for consulting services of $6,220 compared to non-cash share obligation for services of $33,660 and shares issued for consulting services of $359,500 in the corresponding period of the prior fiscal year. The remaining difference is due to implementing cost saving strategies and reduction in use of external consultants. As described in the notes to the financial statements, the fair value of the share obligations were measured in reference to their market value on the date each series of shares became issuable;
- Research and development cost increased by $155,047. The increase is primarily attributable to having a new engineer, a new consultant and obtaining newly leased premises with manufacturing capabilities who began with the Company partway through the prior year. The remaining increase is due to costs incurred to operate and support the manufacturing process by Jasper of our ElectriPlast material, independent testing of several of our ElectriPlast applications.

Significant changes for other income and expenses for the nine months ended March 31, 2016, compared to the corresponding period of the prior fiscal year have been described as follows:

- Fair value loss on derivative financial liabilities was $887,707 compared to a gain of $11,994 in the corresponding period of the prior fiscal year. During the nine months ending March 31, 2016, the Company primarily used debt and equity financing to fund operations; whereas, in the corresponding period of the prior fiscal year, the Company primarily funded operations through equity financings and did not have a significant amount debt outstanding at period end. As described in the notes to the financial statements, the fair value of the derivative liabilities were measured using the Black-Scholes option pricing model.
- Gain on extinguishment of convertible debenture was $144,224 compared to a loss of $6,557 in the corresponding period of the prior fiscal year. During the nine months ended March 31, 2016, the Company transferred its convertible debt to new lenders for more favorable terms resulting in gains on these extinguishments being recognized. In the prior year, the Company extinguished one convertible debenture with cash resulting in a small loss on early settlement.
- Interest expense increased by $282,225 for the nine months ended March 31, 2016, due to the convertible debt transactions incurred. Included in interest expense is the amortization of the convertible debt discount of $380,577 (2015 - $103,956). Remaining change in interest expense is due to minimal fluctuations on interest on new loans that were entered into during the current quarter.

For the nine months ended March 31, 2016, our cash used in operating activities was $1,922,464 compared to $2,528,124 used during the period of the corresponding fiscal year reflecting a decrease in cash used of $605,660. Although cash used in operations has declined, the accounts payable balance has increased. This is primarily due to improved cash management, an increase in the level and timing of operating activities at period end and a reduction in the amount of shares issued to settle account balances.

For the nine months ended March 31, 2016, our cash provided by financing activities was $1,820,080 compared to $2,678,654 provided in the corresponding period of the prior fiscal year, represented by proceeds from loans of 130,000 (2015 - $0), proceeds of $28,000 from issuance of common stock (2015 - $2,347,380), proceeds from exercise of warrants $889,771 (2015 - $307,607) and proceeds from convertible debentures of $838,950 (2015 - $245,000). This was offset by repayment of loans of $66,641 (2015 - $34,118) and repayments of convertible debentures of $0 (2015 - $162,715).

Critical Accounting Policies and Estimates

Revenue recognition

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

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

There have been no material changes to our critical accounting policies as described in Item 9 of our most recent annual report on Form 10-K for the year ended June 30, 2015, as filed with the Securities and Exchange Commission on September 28, 2015.

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

As of March 31, 2016, we had $1,167 in cash on hand, and we estimate that we will require approximately $3 million of additional financing to carry out our business plan and to continue to operate during the next four quarters. Accordingly, management believes that until we generate revenues/income from operations (we have minimal to date), additional funding will be required to carry out our business plan.

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

The Company's cash usage since inception in 1996 has been funded primarily from proceeds from the issuance of common stock. The Company has issued warrants which have the potential to yield $3,939,708 calculated as 11,256,309 warrants at a weighted average exercise price of $0.35. In the event the stock price rises to certain levels in the future and that some or all of the warrant holders elect to acquire Common Stock shares by exercising their warrants, prior to the expiry date, the Company may raise additional funds from warrant holders. We have no ability to forecast future stock price movements nor are we able to determine how many warrant holder would elect to acquire shares by exercising their warrants.

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

Off-Balance Sheet Arrangements

We had no off-balance sheet arrangements as of March 31, 2016.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

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

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

As of March 31, 2016, the Company carried out an evaluation, under the supervision and with the participation of management, including the Chief Executive Officer and the Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) or 15d-15(e) of the Exchange Act). Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that, as of the Evaluation Date, our disclosure controls and procedures were effective to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is (1) recorded, processed, summarized and reported within the time periods specified in applicable rules and forms, and (2) accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.

Limitations on Effectiveness of Controls and Procedures

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

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

ITEM 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 nine month period ended March 31, 2016 the Company completed a private placement amounting to $28,000 for the issuance of 56,000 common shares.

The securities sold 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(a)(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.

ITEM 3 - DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4 - MINE SAFETY DISCLOSURES

Not Applicable.

ITEM 5 - OTHER INFORMATION

Convertible Debt Agreement
On May 5, 2016, the Company entered into a convertible debt agreement with JMJ Financial. A total of $900,000 was received, net of an upfront OID 10% fee of $100,000. The convertible debenture is due May 5, 2017.

No interest will be applied to the principal balance for the first 90 days after cash advance. After the first 90 days, a one-time interest charge of 12% will be immediately applied to the principal.

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 65% of the market price. The market price is defined as the lowest two trading prices 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 120 days following the delivery date of any consideration, the Company will have no right of prepayment without written consent of the lender.

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

- Outstanding principal multiplied by 120% together with accrued interest and unpaid interest thereon if prepaid within a period of 90 days beginning on the date of the Note.
- Outstanding principal multiplied by 140% together with accrued interest and unpaid interest thereon if prepaid at any time during the period beginning 91 days from the date of the Note and ending on the date which is 180 days following the date of the Note.

Pursuant to the terms of the financing, the Company is required to use a portion of the proceeds to settle all outstanding convertible debentures with other lenders.

In addition to the convertible debt, the Company issued 1,250,000 share purchase warrants with an expiry date of May 5, 2018. The exercise price of the warrants will be the lessor of $0.20 per share, the lowest trade price in the 10 days previous to exercise or the adjusted price.

At any time while the warrants are outstanding, any subsequent sale of shares of common stock, or any agreement whereby the holder may acquire common stock at an effective exercise price per share less than the warrant exercise price in effect, the exercise price of these warrants will automatically adjust to this new lower exercise price. Further, these warrants are cashless and the number of shares received will be equivalent to the gain between the market price of shares at the time of exercise and the exercise price of warrant.

Advanced Battery Concepts
Based on the initial prototype and a series of discussion during the quarter, the Company announced on April 26, 2016 a Joint Technology Assessment Program with Advanced Battery Concepts, an industry leader in large format bi-polar battery design and manufacture.

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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/ Douglas Bathauer
Douglas Bathauer, Chief Executive Officer
(Principal Executive Office)

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

Date: May 16, 2016

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.
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.
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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
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EX-101.PRE		XBRL Taxonomy Extension Presentation Linkbase Document

EXHIBIT 31.1

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

I, Douglas Bathauer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Integral Technologies, Inc. for the period ended March 31, 2016

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 16, 2016

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

EXHIBIT 31.2

**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, 2016;

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 16, 2016

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

EXHIBIT 32.1

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

I, Douglas 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, 2016 (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/ Douglas Bathauer
Douglas Bathauer
Chief Executive Officer

May 16, 2016

EXHIBIT 32.2

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, 2016 (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 16, 2016