

Edgar Filing: Integrated Security Technologies, Inc. - Form 10KSB

Integrated Security Technologies, Inc.  
Form 10KSB  
November 04, 2005

U.S. SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-KSB

(Mark One)

Annual Report Pursuant To Section 13 Or 15(d) Of The Securities  
Exchange Act Of 1934

For the fiscal year ended AUGUST 31, 2005

Transition Report Under Section 13 Or 15(d) Of The Securities  
Exchange Act Of 1934

COMMISSION FILE NUMBER 000-50298  
-----

INTEGRATED SECURITY TECHNOLOGIES, INC.  
-----  
(Name of small business issuer in its charter)

NEVADA 98-0376008  
-----  
(State or other jurisdiction (I.R.S. Employer Identification No.)  
of incorporation or organization)

SUITE 1500, 885 WEST GEORGIA ST. VANCOUVER, B.C., CANADA V6C 3E8  
-----  
(Address of principal executive offices) (Zip Code)

778-322-7165  
-----  
Issuer's telephone number

Securities registered under Section 12(b) of the  
Exchange Act: NONE.  
-----

Securities registered under Section 12(g) of the  
Exchange Act: COMMON STOCK,  
-----  
PAR VALUE \$0.001 PER SHARE.  
-----

Check whether the issuer (1) filed all reports required to be filed by Section  
13 or 15(d) of the Exchange Act during the past 12 months (or 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

Check if there is no disclosure of delinquent filers in response to Item 405 of  
Regulation S-B is not contained in this form, and no disclosure will be  
contained, to the best of registrant's knowledge, in definitive proxy or  
information statements incorporated by reference in Part III of this Form 10-KSB  
or any amendment to this Form 10-KSB.

# Edgar Filing: Integrated Security Technologies, Inc. - Form 10KSB

State issuer's revenues for its most recent fiscal year: \$NIL  
-----

The aggregate value of the voting stock held by non-affiliates of the registrant, computed by reference to the price at which the common equity was sold as of October 28, 2005 was \$4,508,460.

As of October 28, 2005, the issuer had outstanding 18,475,551 shares of Common Stock.

Transitional Small Business Disclosure Format (check one): YES NO X  
-----

## INTEGRATED SECURITY TECHNOLOGIES, INC. ANNUAL REPORT ON FORM 10-KSB

### INDEX

	PAGE
PART I	
Item 1. Description Of Business.	4
Item 2. Description Of Property.	11
Item 3. Legal Proceedings.	11
Item 4. Submission Of Matters To A Vote Of Security Holders.	11
PART II	
Item 5. Market For Common Equity And Related Stockholder Matters.	11
Item 6. Management's Discussion And Analysis Or Plan Of Operation.	12
Item 7. Financial Statements.	15
Item 8A. Controls and Procedures.	24
PART III	
Item 9. Directors, Executive Officers, Promoters And Control Persons; Compliance With Section 16(a) Of The Exchange Act.	25
Item 10. Executive Compensation.	26
Item 11. Security Ownership Of Certain Beneficial Owners And Management and Related Stockholder Matters.	27
Item 12. Certain Relationships And Related Transactions.	28
Item 13. Exhibits And Reports On Form 8-K.	29
Item 14. Principal Accountant Fees and Services.	30

## Edgar Filing: Integrated Security Technologies, Inc. - Form 10KSB

### PART I

Certain statements contained in this Form 10-KSB constitute "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934 (the "Exchange Act"). These statements, identified by words such as "plan", "anticipate," "believe," "estimate," "should," "expect" and similar expressions, include our expectations and objectives regarding our future financial position, operating results and business strategy. These statements reflect the current views of management with respect to future events and are subject to risks, uncertainties and other factors that may cause our actual results, performance or achievements, or industry results, to be materially different from those described in the forward-looking statements. Such risks and uncertainties include those set forth under the caption "Management's Discussion and Analysis or Plan of Operation" and elsewhere in this Form 10-KSB. We do not intend to update the forward-looking information to reflect actual results or changes in the factors affecting such forward-looking information. We advise you to carefully review the reports and documents we file from time to time with the Securities and Exchange Commission ("SEC"), particularly our quarterly reports on Form 10-QSB and our current reports on Form 8-K.

As used in this annual report, the terms "we", "us", "our", and "our company" mean Integrated Security Technologies, Inc. unless otherwise indicated. All dollar amounts in this annual report are in U.S. dollars unless otherwise stated.

### GLOSSARY OF TECHNICAL TERMS

The following defined technical terms are used in our annual report:

ADIT	An opening driven horizontally into the side of a mountain or hill for providing access to a mineral deposit.
ASSAY	A chemical test performed on a sample of ores or minerals to determine the amount of valuable metals contained.
BRECCIA	Rock consisting of angular fragments in a matrix of finer-grained cementing material.
BATHOLITH	A large mass of igneous rock extending to great depth with its upper portion dome-like in shape. It has crystallized below surface, but may be exposed as a result of erosion of the overlying rock. Smaller masses of igneous rocks are known as bosses or plugs.
FAULT	A break in the Earth's crust caused by tectonic forces which have moved the rock on one side with respect to the other; faults may extend many kilometers, or be only a few centimeters in length; similarly, the movement or displacement along the fault may vary widely.
FELDSPAR	A group of rock-forming minerals.
FRACTURE	A break in the rock, the opening of which affords the opportunity for entry of mineral-bearing solutions. A "cross fracture" is a minor break extending at more-or-less right angles to the direction of the principal fractures.
IGNEOUS	A type of rock that has been formed by the consolidation of magma, a molten substance from the earth's core.

## Edgar Filing: Integrated Security Technologies, Inc. - Form 10KSB

INTRUSIVE	A body of igneous rock formed by the consolidation of magma intruded into other rocks, in contrast to lavas, which are extruded upon the surface.
MASSIVE	Solid (without fractures) wide (thick) rock unit.
META-VOLCANIC	Metamorphosed volcanic rocks.
MINERALIZATION	The concentration of metals and their chemical compounds within a body of rock.
ORE	A mixture of minerals and gangue from which at least one metal can be extracted at a profit.
PLUTON	Body of rock exposed after solidification at great depth.
3	
QUARTZ	A mineral whose composition is silicon dioxide. A crystalline form of silica.
RESERVE	<p>For the purposes of this annual report: that part of a mineral deposit that could be economically and legally extracted or produced at the time of the reserve determination. Reserves consist of:</p> <p>(1) Proven (Measured) Reserves. Reserves for which: (a) quantity is computed from dimensions revealed in outcrops, trenches, workings or drill holes; grade and/or quality are computed from the results of detailed sampling; and (b) the sites for inspection, sampling and measurement are spaced so closely and the geologic character is so well defined that size, shape, depth and mineral content of reserves are well-established.</p> <p>(2) Probable (Indicated) Reserves. Reserves for which quantity and grade and/or quality are computed from information similar to that used for proven (measured) reserves, but the sites for inspection, sampling and measurement are farther apart or are otherwise less adequately spaced. The degree of assurance, although lower than that for proven (measured) reserves, is high enough to assume continuity between points of observation.</p>
SHEAR	The deformation of rocks by lateral movement along innumerable parallel planes, generally resulting from pressure.
STRUCTURAL	Pertaining to geologic structure.
VEIN	An occurrence of ore with an irregular development in length, width and depth usually from an intrusion of igneous rock.
VOLCANICS	Volcanically formed rocks.

ITEM 1. DESCRIPTION OF BUSINESS.

# Edgar Filing: Integrated Security Technologies, Inc. - Form 10KSB

## GENERAL

We were incorporated on April 12, 2002, under the laws of the State of Nevada.

We are an exploration stage company engaged in the acquisition and exploration of mineral properties. We own four mineral claims that we refer to as the Saucy mineral claims and six mineral claims that we refer to as the Salsa mineral claims. The Saucy and Salsa mineral claims are located adjacent to each other in the Province of British Columbia, Canada. Both the Saucy and the Salsa mineral claims are held in the name of our wholly owned subsidiary, Iguana Explorations Inc. Further exploration of these mineral claims is required before a final determination as to their viability can be made. No commercially viable mineral deposit may exist on our mineral claims. Our plan of operations is to carry out exploration work on these claims in order to ascertain whether they possess deposits of gold, copper or silver. We can provide no assurance that our mineral claims contain a mineral deposit until appropriate exploratory work is done and an evaluation based on that work concludes further work programs are justified. At this time, we have no known reserves on our mineral claims.

## DESCRIPTION AND LOCATION OF SAUCY MINERAL CLAIMS AND SALSA MINERAL CLAIMS

### Saucy Mineral Claims

-----

The Saucy mineral claims are comprised of four mineral claims located on the north side of the Ashlu River about 29 miles from the town of Squamish and about 35 miles north of Vancouver, British Columbia, Canada.

4

The Saucy mineral claims were recorded with the Ministry of Energy and Mines for the Province of British Columbia, Canada under the following names and claim numbers:

NAME OF MINERAL CLAIM	TENURE NUMBER	EXPIRY DATE
SAUCY #1	393633	June 4, 2006
SAUCY #2	393634	June 4, 2006
SAUCY #3	393635	June 4, 2006
SAUCY #4	393636	June 4, 2006

### Salsa Mineral Claims

-----

The Salsa mineral claims were acquired by us in January of 2004 for a total of \$400 and are comprised of six mineral claims located adjacent to the southeast corner of the Saucy mineral claims. Both the Saucy mineral claims and the Salsa mineral claims are accessible by logging road.

The Salsa mineral claims were recorded with the Ministry of Energy and Mines for the Province of British Columbia, Canada under the following names and claim numbers:

## Edgar Filing: Integrated Security Technologies, Inc. - Form 10KSB

NAME OF MINERAL CLAIM	TENURE NUMBER	EXPIRY DATE
SALSA 1	416629	November 30, 2005
SALSA 2	416630	November 30, 2005
SALSA 3	416631	November 30, 2005
SALSA 4	416632	November 30, 2005
SALSA 5	407660	January 3, 2007
SALSA 6	407661	January 3, 2007

We intend to extend our claims to the Saucy mineral claims and the Salsa mineral claims on the expiration date of those claims. Mineral claims of this type may be extended either by completing a minimum of \$500 in exploration or development work on the individual mineral claim and filing a report on the work completed with the Ministry of Energy and Mines or by paying a filing fee in lieu of performing such work. The fee amount is approximately \$100 per claim, per year in the first three years, and \$200 per claim, per year afterwards. Under the applicable legislation, exploration and development work completed on a mineral claim in excess of the minimum requirements may be carried forward and applied to the future requirements for maintaining that claim and may also be applied against the current and future requirements for other mineral claims. Based on our work done to date on the Saucy mineral claims, we have already completed enough exploration work to extend the Saucy mineral claims and the Salsa mineral claims for approximately 10 more years without the payment of filing fees.

Title to the Saucy mineral claims and the Salsa mineral claims is held in the name of our wholly owned subsidiary Iguana Explorations Inc. The Province of British Columbia owns surface rights to the land covering our mineral claims. To our knowledge, there are no aboriginal land claims that might affect our title to the mineral claims or to the Province's title to the surface rights. There is no viable way for us to determine what claims, if any, certain aboriginal groups may make. The Government of British Columbia has adopted a policy that no private property rights will be expropriated to settle aboriginal land claims, however we can provide no assurances that our title to the mineral claims will not, in the future, become subject to such aboriginal claims.

Our subsidiary is the sole legal owner of the Saucy mineral claims and the Salsa mineral claims and no other person or entity has any interest in the mineral claims.

### GEOLOGY OF THE MINERAL CLAIMS

We engaged Mr. W.G. Timmins to prepare a geological evaluation report on the Saucy mineral claims. Mr. Timmins is a consulting geologist and registered professional engineer in the Geological Section of the Association of

5

Professional Engineers and Geoscientists of British Columbia. Mr. Timmins has practiced in his profession for 39 years and been a registered professional engineer since 1969.

Mr. Timmins recommended a two-stage exploration program for the Saucy mineral claims to determine whether there are mineral deposits of gold, silver or copper on those claims: Stage 1 consisting of reconnaissance geology and sampling at an estimated cost of \$5,000; and Stage 2 consisting of trenching, sampling, prospecting and mapping at an estimated cost of \$10,000.

We completed Stage 1 in 2002 and Mr. Timmins recommended proceeding to Stage 2 which was completed in November of 2003.

## Edgar Filing: Integrated Security Technologies, Inc. - Form 10KSB

We received a report from Mr. Timmins dated December 10, 2003 reporting on completion of Stage 2 of the program. Mr. Timmins reported that the main mineral vein on the Saucy claims narrowed in width and had decreasing gold values. Mr. Timmins advised that it is normal for this type of quartz vein to exhibit pinching and swelling with variable gold values. Based on the work on the Saucy claims and on information contained in previously reported work on ground adjacent to the Saucy claims, Mr. Timmins reported that the vein structure on the Saucy claims may extend into a wider vein on the adjacent areas which reportedly carry significant gold values. Based on that conclusion, Mr. Timmins recommended that we acquire the Salsa claims. Mr. Timmins also recommended that we conduct a work program on the Salsa mineral claims consisting of blasting, sampling, prospecting, geological mapping and assays at an estimated cost of \$7,000.

The geological review and interpretations required in stages one and two of the exploration program have been and will continue to be comprised of reviewing the data acquired and analyzing this data to assess the potential mineralization of the mineral claims. Geological review entails the geological study of an area to determine the geological characteristics, identification of rock types and any obvious indications of mineralization. The purpose of undertaking the geological review is to determine if there is sufficient indication of mineralization to warrant additional exploration. Positive results at each stage of the exploration program would be required to justify continuing with the next stage. Such positive results would include the identification of the zones of mineralization.

### CURRENT STATE OF EXPLORATION

Our mineral claims presently do not have any mineral reserves. The property that is the subject to our mineral claims is undeveloped and does not contain any open-pit or underground mines. There is no plant or equipment located on the property that is the subject of the mineral claim. Currently, there is no power supply to the mineral claims.

We have only recently commenced exploration of the mineral claim and this exploration is currently in the preliminary stages. Our planned exploration program is exploratory in nature and no mineral reserves may ever be found.

### COMPLIANCE WITH GOVERNMENT REGULATION

We will be required to comply with all regulations, rules and directives of governmental authorities and agencies applicable to the exploration of minerals in the Province of British Columbia. The main agency that governs the exploration of minerals in the Province of British Columbia, Canada, is the Ministry of Energy and Mines.

The Ministry of Energy and Mines manages the development of British Columbia's mineral resources, and implements policies and programs respecting their development while protecting the environment. In addition, the Ministry regulates and inspects the exploration and mineral production industries in British Columbia to protect workers, the public and the environment.

The material legislation applicable to us is the Mineral Tenure Act, administered by the Mineral Titles Branch of the Ministry of Energy and Mines, and the Mines Act, as well as the Health, Safety and Reclamation Code and the Mineral Exploration Code.

The Mineral Tenure Act and its regulations govern the procedures involved in the

## Edgar Filing: Integrated Security Technologies, Inc. - Form 10KSB

location, recording and maintenance of mineral titles in British Columbia. The Mineral Tenure Act also governs the issuance of leases which are long term entitlements to minerals, designed as production tenures. The Mineral Tenure Act does not apply to minerals held by crown grant or by freehold tenure.

All mineral exploration activities carried out on a mineral claim or mining lease in British Columbia must be in compliance with the Mines Act. The Mines Act applies to all mines during exploration, development, construction, production, closure, reclamation and abandonment. It outlines the powers of the Chief Inspector of Mines, to inspect mines, the procedures for obtaining permits to commence work in, on or about a mine and other procedures to be observed at a mine. Additionally, the provisions of the Health, Safety and Reclamation Code for mines in British Columbia contain standards for employment, occupational health and safety, accident investigation, work place conditions, protective equipment, training programs, and site supervision. Also, the Mineral Exploration Code contains standards for exploration activities including construction and maintenance, site preparation, drilling, trenching and work in and about a water body.

Additional approvals and authorizations may be required from other government agencies, depending upon the nature and scope of the proposed exploration program. If the exploration activities require the falling of timber, then either a free use permit or a license to cut must be issued by the Ministry of Forests. Items such as waste approvals may be required from the Ministry of Environment, Lands and Parks if the proposed exploration activities are significantly large enough to warrant them. Waste approvals refer to the disposal of rock materials removed from the earth which must be reclaimed. An environmental impact statement may be required.

We have not budgeted for regulatory compliance costs in the proposed work program recommended by the geological report. British Columbia law requires that a holder of title to mineral claims must spend at least CDN\$100 per mineral claim unit per year in order to keep the property in good standing, which we have done. We will also have to sustain the cost of reclamation and environmental remediation for all exploration work undertaken. Both reclamation and environmental remediation refer to putting disturbed ground back as close to its original state as possible. Other potential pollution or damage must be cleaned-up and renewed along standard guidelines outlined in the usual permits. Reclamation is the process of bringing the land back to its natural state after completion of exploration activities. Environmental remediation refers to the physical activity of taking steps to remediate, or remedy, any environmental damage caused. The amount of these costs is not known at this time as we do not know the extent of the exploration program that will be undertaken beyond completion of the recommended work program. Because there is presently no information on the size, tenor, or quality of any resource or reserve at this time, it is impossible to assess the impact of any capital expenditures on earnings, our competitive position or on us in the event a potentially economic deposit is discovered.

Prior to undertaking mineral exploration activities, we must make application under the British Columbia Mines Act for a permit, if we anticipate disturbing land. A permit is issued within 45 days of a complete and satisfactory application. We do not anticipate any difficulties in obtaining a permit, if needed. Minimal disturbance to the land is part of routine exploration work and thus we do not anticipate any difficulties in obtaining a permit.

### COMPETITION

We are a mineral resource exploration and development company. We compete with other mineral resource exploration and development companies for financing and for the acquisition of new mineral properties. Many of the mineral resource exploration and development companies with whom we compete have greater



## Edgar Filing: Integrated Security Technologies, Inc. - Form 10KSB

financial and technical resources than us. Accordingly, these competitors may

7

be able to spend greater amounts on acquisitions of mineral properties of merit, on exploration of their mineral properties and on development of their mineral properties. In addition, they may be able to afford greater geological expertise in the targeting and exploration of mineral properties. This competition could result in competitors having mineral properties of greater quality and interest to prospective investors who may finance additional exploration and development. This competition could adversely impact on our ability to finance further exploration and to achieve the financing necessary for us to develop our mineral properties.

### EMPLOYEES

We have no employees as of the date of this Annual Report other than our sole officer, Randy White. We conduct our business largely through agreements with consultants and arms-length third parties.

### RESEARCH AND DEVELOPMENT EXPENDITURES

We have not incurred any research or development expenditures since our incorporation.

### SUBSIDIARIES

We have one wholly owned British Columbia subsidiary, named Iguana Explorations Inc.

### PATENTS AND TRADEMARKS

We do not own, either legally or beneficially, any patent or trademark.

### RISK FACTORS

An investment in our common stock involves a high degree of risk. You should carefully consider the risks described below and the other information in this Annual Report before investing in our common stock. If any of the following risks occur, our business, operating results and financial condition could be seriously harmed. The trading price of our common stock could decline due to any of these risks, and you may lose all or part of your investment.

### RISKS RELATED TO OUR FINANCIAL CONDITION AND BUSINESS MODEL

BECAUSE OUR SOLE EXECUTIVE OFFICER DOES NOT HAVE FORMAL TRAINING SPECIFIC TO THE TECHNICALITIES OF MINERAL EXPLORATION, THERE IS A HIGHER RISK OUR BUSINESS WILL FAIL

Mr. Randy White, our sole officer and director, does not have any formal training as a geologist or in the technical aspects of management of a mineral exploration company. Our management lacks technical training and experience with exploring for, starting, and operating a mine. With no direct training or experience in these areas, our management may not be fully aware of the specific requirements related to working within this industry. Our management's decisions and choices may not take into account standard engineering or managerial approaches mineral exploration companies commonly use. Consequently, our operations, earnings, and ultimate financial success could suffer irreparable harm due to management's lack of experience in this industry.

WE HAVE YET TO ATTAIN PROFITABLE OPERATIONS AND BECAUSE WE WILL NEED ADDITIONAL

## Edgar Filing: Integrated Security Technologies, Inc. - Form 10KSB

FINANCING TO FUND OUR EXTENSIVE EXPLORATION ACTIVITIES, OUR ACCOUNTANTS BELIEVE THERE IS SUBSTANTIAL DOUBT ABOUT THE COMPANY'S ABILITY TO CONTINUE AS A GOING CONCERN

We have incurred a net loss of \$828,348 for the period from April 12, 2002 (inception) to August 31, 2005, and have no revenue to date. Our future is dependent upon our ability to obtain financing and upon future profitable operations from the development of its mineral claims. These factors raise substantial doubt that we will be able to continue as a going concern.

8

IF WE DO NOT OBTAIN ADDITIONAL FINANCING, OUR BUSINESS WILL FAIL

Our current operating funds are insufficient to complete the full exploration of the mineral claims and begin mining efforts should the mineral claims prove commercially viable. Therefore, we will need to obtain additional financing in order to complete our full business plan. As of August 31, 2005, we had cash on hand of \$1,260. We currently do not have any operations and we have no income. Our business plan calls for significant expenses in connection with the exploration of our mineral claims. We will need additional financing to proceed past stage two of our exploration program. We will also require additional financing if the costs of the exploration of our mineral claims are greater than anticipated. We will also require additional financing to sustain our business operations if we are not successful in earning revenues. We currently do not have any arrangements for financing and we may not be able to obtain financing when required. Obtaining additional financing would be subject to a number of factors, including the market prices for the mineral property and gold, silver and copper. These factors may make the timing, amount, terms or conditions of additional financing unavailable to us.

SINCE THIS IS AN EXPLORATION PROJECT, WE FACE A HIGH RISK OF BUSINESS FAILURE DUE TO OUR INABILITY TO PREDICT THE SUCCESS OF OUR BUSINESS

We have just begun the initial stages of exploration of our mineral claims, and thus have no way to evaluate the likelihood that we will be able to operate the business successfully. We were incorporated on April 12, 2002 and to date have been involved primarily in organizational activities, the acquisition of the mineral claims, obtaining a summary geological report and performing certain limited work on our mineral claims. We have not earned any revenues to date.

BECAUSE OF THE UNIQUE DIFFICULTIES AND UNCERTAINTIES INHERENT IN MINERAL EXPLORATION VENTURES, WE FACE A HIGH RISK OF BUSINESS FAILURE

You should be aware of the difficulties normally encountered by new mineral exploration companies and the high rate of failure of such enterprises. The likelihood of success must be considered in light of the problems, expenses, difficulties, complications and delays encountered in connection with the exploration of the mineral properties that we plan to undertake. These potential problems include, but are not limited to, unanticipated problems relating to exploration, and additional costs and expenses that may exceed current estimates. The expenditures to be made by us in the exploration of the mineral claims may not result in the discovery of mineral deposits. Problems such as unusual or unexpected formations and other conditions are involved in mineral exploration and often result in unsuccessful exploration efforts. The acquisition of additional claims will be dependent upon us possessing capital resources at the time in order to purchase such claims. If no funding is available, we may be forced to abandon our operations.

BECAUSE WE ANTICIPATE OUR OPERATING EXPENSES WILL INCREASE PRIOR TO OUR EARNING REVENUES, WE MAY NEVER ACHIEVE PROFITABILITY

## Edgar Filing: Integrated Security Technologies, Inc. - Form 10KSB

Prior to completion of our exploration stage, we anticipate that we will incur increased operating expenses without realizing any revenues. We therefore expect to incur significant losses into the foreseeable future. We recognize that if we are unable to generate significant revenues from the exploration of our mineral claims, we will not be able to earn profits or continue operations. There is no history upon which to base any assumption as to the likelihood that we will prove successful, and we can provide no assurance that we will generate any revenues or ever achieve profitability. If we are unsuccessful in addressing these risks, our business will most likely fail.

BECAUSE OF THE INHERENT DANGERS INVOLVED IN MINERAL EXPLORATION, THERE IS A RISK THAT WE MAY INCUR LIABILITY OR DAMAGES AS WE CONDUCT OUR BUSINESS

The search for valuable minerals involves numerous hazards. As a result, we may become subject to liability for such hazards, including pollution, cave-ins and other hazards against which we cannot insure or against which we may elect not to insure. At the present time we have no coverage to insure against these hazards. The payment of such liabilities may have a material adverse effect on our financial position.

9

BECAUSE ACCESS TO OUR MINERAL CLAIMS MAY BE RESTRICTED BY INCLEMENT WEATHER, WE MAY BE DELAYED IN OUR EXPLORATION

Access to the Saucy and Salsa mineral claims may be restricted through some of the year due to weather in the area. As a result, any attempt to test or explore the property is largely limited to the times when weather permits such activities. These limitations can result in significant delays in exploration efforts. Such delays can have a significant negative effect on our exploration efforts

The mineral claims are in an essentially undeveloped area in British Columbia. The area consists of many mountains and lakes with heavy forestation. An unpaved logging road is the only access. Winters are often severe with rain, freezing rain, wind, and snow common between November and March, making the logging road often unsafe and impassable for travel.

BECAUSE OUR PRESIDENT HAS ONLY AGREED TO PROVIDE HIS SERVICES ON A PART-TIME BASIS, HE MAY NOT BE ABLE OR WILLING TO DEVOTE A SUFFICIENT AMOUNT OF TIME TO OUR BUSINESS OPERATIONS, CAUSING OUR BUSINESS TO FAIL

Mr. Randy White, our president, provides his management services to us on a part-time basis. Because we are in the early stages of our business, Mr. White will not be spending a significant amount of time on our business. Mr. White expects to expend approximately ten hours per week on our business. Competing demands on Mr. White's time may lead to a divergence between his interests and the interests of other shareholders.

RISKS RELATED TO LEGAL UNCERTAINTY AND REGULATIONS

As we undertake exploration of our mineral claims, we will be subject to compliance with government regulation that may increase the anticipated cost of our exploration program

There are several governmental regulations that materially restrict mineral exploration. We will be subject to the laws of the Province of British Columbia as we carry out our exploration program. We may be required to obtain work permits, post bonds and perform remediation work for any physical disturbance to the land in order to comply with these laws. While our planned exploration

## Edgar Filing: Integrated Security Technologies, Inc. - Form 10KSB

program budgets for regulatory compliance, there is a risk that new regulations could increase our costs of doing business and prevent us from carrying out our exploration program.

### RISKS RELATED TO THE MARKET FOR OUR COMMON STOCK

OUR COMMON STOCK WILL BE "PENNY STOCK", WITH THE RESULT THAT TRADING OF OUR COMMON STOCK IN ANY SECONDARY MARKET MAY BE IMPEDED.

The SEC has adopted rules that regulate broker-dealer practices in connection with transactions in penny stocks. Penny stocks are generally equity securities with a price of less than \$5.00, other than securities registered on certain national securities exchanges or quoted on the Nasdaq system, provided that current price and volume information with respect to transactions in such securities is provided by the exchange or system. The penny stock rules require a broker-dealer, prior to a transaction in a penny stock, to deliver a standardized risk disclosure document prepared by the Commission, that: (a) contains a description of the nature and level of risk in the market for penny stocks in both public offerings and secondary trading; (b) contains a description of the broker's or dealer's duties to the customer and of the rights and remedies available to the customer with respect to a violation to such duties or other requirements of Securities' laws; (c) contains a brief, clear, narrative description of a dealer market, including bid and ask prices for penny stocks and the significance of the spread between the bid and ask price; (d) contains a toll-free telephone number for inquiries on disciplinary actions; (e) defines significant terms in the disclosure document or in the conduct of trading in penny stocks; and (f) contains such other information and is in such form, including language, type, size and format, as the Commission shall require by rule or regulation. The broker-dealer also must provide, prior to

10

effecting any transaction in a penny stock, the customer with: (a) bid and offer quotations for the penny stock; (b) the compensation of the broker-dealer and its salesperson in the transaction; (c) the number of shares to which such bid and ask prices apply, or other comparable information relating to the depth and liquidity of the market for such stock; and (d) a monthly account statements showing the market value of each penny stock held in the customer's account. In addition, the penny stock rules require that prior to a transaction in a penny stock not otherwise exempt from those rules; the broker-dealer must make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser's written acknowledgment of the receipt of a risk disclosure statement, a written agreement to transactions involving penny stocks, and a signed and dated copy of a written suitability statement. These disclosure requirements may have the effect of reducing the trading activity in the secondary market for our stock if it becomes subject to these penny stock rules. Therefore, if our common stock becomes subject to the penny stock rules, stockholders may have difficulty selling those securities.

### ITEM 2. DESCRIPTION OF PROPERTY.

We own, through our subsidiary, a 100% interest in the Saucy and Salsa mineral claims, which provides us with the right to explore for and extract minerals. We do not own any real property rights in the Saucy or Salsa mineral claims or in any other property.

### ITEM 3. LEGAL PROCEEDINGS.

We are not a party to any material legal proceedings and to our knowledge, no such proceedings are threatened or contemplated.

## Edgar Filing: Integrated Security Technologies, Inc. - Form 10KSB

### ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

No matters were submitted to our security holders for a vote during the fourth quarter of our fiscal year ending August 31, 2005.

### PART II

### ITEM 5. MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS.

Our common stock is currently listed on the National Quotation Bureau's Pink Sheets under the symbol "ISTG".

Our shares of common stock originally traded on the OTC Bulletin Board commencing on March 8, 2004 under the symbol "IGVL". At that time, our corporate name was "Iguana Ventures, Ltd." On June 14, 2004, we changed our name from Iguana Ventures, Ltd. to Integrated Security Technologies, Inc. and concurrently changed our stock symbol to "ISTG". On November 19, 2004, our common shares ceased quotation on the OTC Bulletin Board and commenced quotation on the National Quotation Bureau's Pink Sheets.

The OTC Bulletin Board and the National Quotation Bureau's Pink Sheets are networks of security dealers who buy and sell stock. A computer network that provides information on current "bids" and "asks", as well as volume information, connects the dealers. The following table sets forth the high and low closing prices of our common shares traded on the OTC Bulletin Board and Pink Sheets:

Period	High	Low
March 8, 2004 to May 31, 2004	\$3.00	\$0.04
June 1, 2004 to August 31, 2004	\$1.25	\$0.55
September 1, 2004 to November 30, 2004	\$1.01	\$1.01
December 1, 2004 to February 28, 2005	\$0.51	\$0.30
March 1, 2005 to May 31, 2005	no trades	
June 1, 2005 to August 31, 2005	\$0.30	\$0.30

11

The above quotations are taken from information provided by Canada Stockwatch and reflect inter-dealer prices, without retail mark-up, mark-down or commission and may not represent actual transactions.

### HOLDERS OF OUR COMMON STOCK

As of March 23, 2005, we had 29 registered stockholders holding 18,475,551 shares of our common stock.

### DIVIDENDS

We have neither declared nor paid any cash dividends on our capital stock and do not anticipate paying cash dividends in the foreseeable future. Our current policy is to retain any earnings in order to finance the expansion of our operations. Our board of directors will determine future declaration and payment of dividends, if any, in light of the then-current conditions they deem relevant and in accordance with the Nevada Revised Statutes.

## Edgar Filing: Integrated Security Technologies, Inc. - Form 10KSB

ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION.

### PLAN OF OPERATIONS

Our business plan is to follow the recommendations of our consulting geologist and proceed with completion of the work program recommended for the Salsa mineral claims at an estimated cost of \$7,000.

We anticipate that we will incur \$15,000 in operating expenses over the next twelve months. Operating expenses will include mineral claims renewal and professional legal and accounting expenses associated with being a reporting issuer under the Securities Exchange Act of 1934.

Our total expenditures over the next twelve months are anticipated to be approximately \$22,000. Our present cash reserves are not sufficient for us to carry out our plan of operations without additional financing. Our sole director, Randy White, has made an oral commitment to loan us the necessary funds to complete our business plan, however he is under no obligation to do so. We do not have any other financing arrangements in place and there is no assurance that we will be able to secure the necessary financing.

In the next twelve months, we do not plan to make any purchases or sales of significant equipment, nor do we plan to make any significant changes in our number of employees.

### LIMITED OPERATING HISTORY; NEED FOR ADDITIONAL CAPITAL

There is no historical financial information about us upon which to base an evaluation of our performance. We are an exploration stage corporation and have not generated any revenues from operations. We cannot guarantee we will be successful in our business operations. Our business is subject to risks inherent in the establishment of a new business enterprise, including limited capital resources, possible delays in the exploration of our properties, and possible cost overruns due to price and cost increases in services.

To become profitable and competitive, we must conduct research and exploration of our properties before we start production of any minerals we may find. We are seeking equity financing to provide for the capital required to implement our research and exploration phases.

12

We have no assurance that future financing will be available to us on acceptable terms. If financing is not available on satisfactory terms, we may be unable to continue, develop or expand our operations. Equity financing could result in additional dilution to existing shareholders.

### RESULTS OF OPERATIONS FOR THE PERIOD ENDED AUGUST 31, 2005

We have not earned any revenues to date. We do not anticipate earning revenues until such time as we enter into commercial production of our mineral properties. We are presently in the exploration stage of our business and we can provide no assurance that we will discover commercially exploitable levels of mineral resources on our properties, or if such deposits are discovered, that we will enter into further substantial exploration programs.

We incurred operating expenses of \$828,348 for the period from inception on April 12, 2002 to August 31, 2005. The expenses consisted of \$392,483 in general and administrative expenses, interest expense of \$973 and other comprehensive loss of \$16 and a \$434,876 loss on impairment. The loss of impairment relates

## Edgar Filing: Integrated Security Technologies, Inc. - Form 10KSB

to the following transaction:

On May 27, 2004, Integrated acquired 100% of the issued and outstanding shares of Integrated Security Technologies, Inc., a private New Jersey company ("ISTI-NJ") in exchange for 15,258,797 shares of our common stock. In a separate agreement, the majority shareholder of ISTI-NJ purchased 19,800,000 shares of our common stock from Michael Young, our majority shareholder at the time. The total company shares owned by ISTI-NJ shareholders immediately following the merger was 35,058,797. The acquisition was considered a reverse merger. In April 2005, most parties involved agreed to unwind the May 27, 2004 transaction as if it never occurred. 33,914,387 of our shares issued to ISTI-NJ and its Officers were returned to treasury and canceled and the ISTI-NJ shares, except for 7.5%, were returned to the ISTI-NJ shareholders. The statement of stockholders equity reflects the cancellation of the 19,800,000, but treats the 15,258,797 as if it were never issued. We hold 7.5% of ISTI-NJ and the ISTI-NJ officer still holds 1,144,410 shares of our common stock. The 7.5% of ISTI-NJ was valued using the fair value of the 1,144,410 shares of our common stock. The value of the investment in ISTI-NJ was \$434,876. Our management determined the investment in ISTI-NJ was impaired as of the date they took ownership in ISTI-NJ due to ISTI-NJ's inability to produce historical financial statements.

### NET LOSS

We incurred a loss in the amount of \$828,348 for the period from inception to August 31, 2005. Our loss was attributable entirely to operating expenses.

### LIQUIDITY AND FINANCIAL CONDITION

We have cash on hand of \$0 as of August 31, 2005. We estimate that our expenses over the next twelve months will total \$22,000. Our working capital is insufficient to pay for the costs of our exploration programs and anticipated administrative expenses. Our sole director, Randy White, has made an oral commitment to provide adequate funding to enable us to complete the exploration programs. However, he is under no legal obligation to do so.

We have not attained profitable operations and are dependent upon obtaining financing to pursue any extensive exploration activities. For these reasons our auditors stated in their report that they have substantial doubt we will be able to continue as a going concern.

The financial statements accompanying this annual report contemplate our continuation as a going concern. However, we have sustained substantial losses and are still in the development stage. Additional funding will be necessary to continue development and marketing of our product.

13

### OFF-BALANCE SHEET ARRANGEMENTS

We have no significant off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to stockholders.

### CRITICAL ACCOUNTING POLICIES

The preparation of financial statements in conformity with United States generally accepted accounting principles requires our management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of

## Edgar Filing: Integrated Security Technologies, Inc. - Form 10KSB

the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Our management routinely makes judgments and estimates about the effects of matters that are inherently uncertain.

We have identified certain accounting policies, described below, that are most important to the portrayal of our current financial condition and results of operations.

### Mineral Claim Payments and Exploration Costs

We expense all costs related to the acquisition, maintenance and exploration of mineral claims in which we have secured exploration rights prior to establishment of proven and probable reserves. To date, we have not established the commercial feasibility of our exploration prospects, therefore, all costs are being expensed.

### Foreign Currency Translation

Our functional currency is the U.S. dollar. Transactions in foreign currency are translated into U.S. dollars as follows:

1. Monetary items at the rate prevailing at the balance sheet date;
2. Non-monetary items at the historical exchange rate; and
3. Revenue and expense at the average rate in effect during the applicable accounting period.

### Income Taxes

We have adopted Statement of Financial Accounting Standards No. 109 - "Accounting for Income taxes" (SFAS 109). This standard requires the use of an asset and liability approach for financial accounting, and reporting on income taxes. If it is more likely than not that some portion or all of a deferred tax asset will not be realized, a valuation allowance is recognized.

14

## ITEM 7. FINANCIAL STATEMENTS.

### REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors  
Integrated Security Technologies, Inc.  
(formerly Iguana Ventures, Ltd.)  
(an exploration stage company)

We have audited the accompanying consolidated balance sheet of Integrated Security Technologies, Inc. ("Integrated") as of August 31, 2005, and the related consolidated statements of expenses, changes in stockholders' deficit, and cash flows for the two years then ended and the period from April 12, 2002 (Inception) through August 31, 2005. These financial statements are the responsibility of Integrated's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with standards of the Public Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial



## Edgar Filing: Integrated Security Technologies, Inc. - Form 10KSB

statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Integrated, as of August 31, 2005, and the results of its consolidated operations and its cash flows for the periods described in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that Integrated will continue as a going concern. As discussed in Note 2 to the financial statements, Integrated suffered recurring losses from operations and has negative working capital, which raises substantial doubt about its ability to continue as a going concern. Management's plans regarding those matters are described in Note 2. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

As discussed in Note 7 to the consolidated financial statements, an error related to fiscal 2004 resulting in understatements of expense, common stock and paid in capital was discovered by management in 2005. Accordingly, adjustments were made as of August 31, 2004 to correct the error.

MALONE & BAILEY, PC  
www.malone-bailey.com  
Houston, Texas

September 30, 2005

15

INTEGRATED SECURITY TECHNOLOGIES, INC.  
(formerly Iguana Ventures, Ltd.)  
(an exploration stage company)  
CONSOLIDATED BALANCE SHEET  
August 31, 2005

ASSETS

Prepaid expense	\$ 1,260
	=====

LIABILITIES AND STOCKHOLDERS' DEFICIT

Current Liabilities

Accounts payable and accrued liabilities	\$ 5,633
Due to shareholder	40,435
	-----

Total current liabilities	46,068
	-----

Commitments	-
-------------	---

Stockholders' Deficit

Common Stock, \$0.001 par value, 200,000,000 shares authorized, 18,475,551 shares issued and outstanding	18,475
---	--------

## Edgar Filing: Integrated Security Technologies, Inc. - Form 10KSB

Additional paid-in capital	765,065
Accumulated other comprehensive loss:	
Foreign currency translation	(16)
Deficit accumulated during the exploration stage	(828,332)
	-----
Total Stockholders' Deficit	(44,808)
	-----
<b>TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT</b>	<b>\$ 1,260</b>
	=====

See accompanying summary of accounting policies  
and notes to financial statements.

16

INTEGRATED SECURITY TECHNOLOGIES, INC.  
(formerly Iguana Ventures, Ltd.)  
(an exploration stage company)  
CONSOLIDATED STATEMENTS OF EXPENSES  
Years Ended August 31, 2005, and 2004, and  
the Period from April 12, 2002 (Inception) Through August 31, 2005

	2005	2004 (Restated)	Inception Through 2005
	-----	-----	-----
General & Administrative Expenses	\$ 44,808	\$ 282,496	\$ 392,483
Loss on impairment	-	434,876	434,876
Interest Expense	973	-	973
	-----	-----	-----
Net Loss	(45,781)	(717,372)	(828,332)
Other Comprehensive Loss	-	(16)	(16)
	-----	-----	-----
Total Comprehensive Loss	\$ (45,781)	\$ (717,388)	\$ (828,348)
	=====	=====	=====
Net loss per share			
Basic and diluted	\$ (0.00)	\$ (0.02)	
	=====	=====	
Weighted average shares outstanding			
Basic and diluted	18,475,551	30,538,788	
	=====	=====	

See accompanying summary of accounting policies  
and notes to financial statements.

INTEGRATED SECURITY TECHNOLOGIES, INC.  
(formerly Iguana Ventures, Ltd.)  
(an exploration stage company)  
CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' DEFICIT  
Period from April 12, 2002 (Inception) Through August 31, 2005

	Common Shares	Stock \$	Additional paid-in capital	Deficit accumulated during exploration stage	Other comprehensive loss	Total
	-----	-----	-----	-----	-----	-----
Balances at August 12, 2000 (Inception)	-	\$ -	\$ -	\$ -	\$ -	\$ -
Shares issued for cash	34,828,200	34,828	18,872	-	-	53,7
Net Loss	-	-	-	(65,179)	-	(65,1
Balances at August 31, 2003	34,828,200	34,828	18,872	(65,179)	-	(11,4
Shares cancelled	(19,800,000)	(19,800)	19,800	-	-	
Shares issued for investment in ISTI-NJ	1,144,410	1,144	433,732	-	-	434,8
Shares issued for for offering costs	1,752,941	1,753	(1,753)	-	-	
Shares issued for cash	550,000	550	274,450	-	-	275,0
Contributions to paid in capital	-	-	18,991	-	-	18,9
Other comprehensive loss	-	-	-	-	(16)	(
Net Loss	-	-	-	(717,372)	-	(717,3
Balances at August 31, 2004 (Restated)	18,475,551	18,475	764,092	(782,551)	(16)	
Imputed interest	-	-	973	-	-	9
Net loss	-	-	-	(45,781)	-	(45,7
Balances at August 31, 2005	18,475,551	\$ 18,475	\$765,065	(828,332)	\$ (16)	\$ (44,8
	=====	=====	=====	=====	=====	=====

Edgar Filing: Integrated Security Technologies, Inc. - Form 10KSB

See accompanying summary of accounting policies  
and notes to financial statements.

18

INTEGRATED SECURITY TECHNOLOGIES, INC.  
(formerly Iguana Ventures, Ltd.)  
(an exploration stage company)  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
Years Ended August 31, 2005, and 2004, and  
the Period from April 12, 2002 (Inception) Through August 31, 2005

	2005	2004 (Restated)	Inception Through 2005
	-----	-----	-----
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss	\$ (45,781)	\$ (717,372)	\$ (828,332)
Adjustments to reconcile net loss to cash used in operating activities:			
Loss on impairment of investment	-	434,876	434,876
Changes in:			
Prepaid expenses	(1,260)	-	(1,260)
Accounts payable & accrued expenses	5,633	(9,116)	5,633
Imputed interest	973	-	973
	-----	-----	-----
NET CASH USED IN OPERATING ACTIVITIES	(40,435)	(291,612)	(388,110)
	-----	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from sales of common stock	-	275,000	328,700
Net change in due to shareholder	40,435	15,614	59,426
	-----	-----	-----
NET CASH PROVIDED BY FINANCING ACTIVITIES	40,435	290,614	388,126
	-----	-----	-----
EFFECT OF EXCHANGE RATE ON CASH	-	(16)	(16)
NET CHANGE IN CASH	-	(1,014)	-
CASH AT BEGINNING OF PERIOD	-	1,014	-
	-----	-----	-----
CASH AT END OF PERIOD	\$ -	\$ -	\$ -
	=====	=====	=====
Cash paid for:			
Interest	\$ -	\$ -	\$ -
Income tax	-	-	-
Non-cash transactions:			
Forgiveness of debt by shareholder	-	18,991	18,991

## Edgar Filing: Integrated Security Technologies, Inc. - Form 10KSB

See accompanying summary of accounting policies  
and notes to financial statements.

19

INTEGRATED SECURITY TECHNOLOGIES, INC.  
(formerly Iguana Ventures, Ltd.)  
(an exploration stage company)  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of business. Integrated Security Technologies, Inc. ("Integrated") was incorporated in the State of Nevada, on April 12, 2002.

Integrated has been in the exploration stage since its formation and has not yet realized any revenues from its planned operations. It is primarily engaged in the acquisition and exploration of mining claims. Upon location of a commercial mining reserve, Integrated expects to actively prepare the site for its extraction and enter an exploration stage.

Integrated's fiscal year end is August 31st.

Basis of presentation. The consolidated financial statements include the accounts of Integrated and its wholly owned Canadian subsidiary, Iguana Explorations, Inc. Significant inter-company accounts and transactions have been eliminated.

Restatements of fiscal 2004 were made. See note 7 for details.

Reclassifications. Certain prior year amounts have been reclassified to conform to the current year presentation.

Use of Estimates. The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

Cash and Cash Equivalents. For purposes of the consolidated statement of cash flows, Integrated considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Revenue Recognition. From inception, Integrated has been engaged in acquisition and exploration of mining properties activities and has not recognized any revenues.

Foreign Currency Transactions. Iguana Explorations' functional currency is the Canadian dollar. Management has adopted SFAS No. 52, "Foreign Currency Translation". Monetary assets and liabilities denominated in foreign currencies are translated into United States dollars at rates of exchange in effect at the balance sheet date. Non-monetary assets, liabilities and items recorded in income arising from transactions denominated in foreign currencies are translated at rates of exchange in effect at the date of the transaction.

Income taxes. Integrated recognizes deferred tax assets and liabilities based on differences between the financial reporting and tax bases of assets and liabilities using the enacted tax rates and laws that are expected to be in

## Edgar Filing: Integrated Security Technologies, Inc. - Form 10KSB

effect when the differences are expected to be recovered. Integrated provides a valuation allowance for deferred tax assets for which it does not consider realization of such assets to be more likely than not. Since Integrated has had recurring operating losses since inception and there is no assurance of future taxable income, a valuation allowance has been established to fully offset the deferred tax assets.

20

Basic and diluted net loss per share. Basic and diluted net loss per share calculations are presented in accordance with Financial Accounting Standards Statement 128, and are calculated on the basis of the weighted average number of common shares outstanding during the year. They include the dilutive effect of common stock equivalents in years with net income. Basic and diluted loss per share is the same due to the absence of common stock equivalents.

Recently issued accounting pronouncements. In December 2004, the FASB issued SFAS No. 123R, "Accounting for Stock-Based Compensation" SFAS No. 123R establishes standards for the accounting for transactions in which an entity exchanges its equity instruments for goods or services. This Statement focuses primarily on accounting for transactions in which an entity obtains employee services in share-based payment transactions. SFAS No. 123R requires that the fair value of such equity instruments be recognized as expense in the historical financial statements as services are performed. Prior to SFAS No. 123R, only certain pro forma disclosures of fair value were required. SFAS No. 123R shall be effective for small business issuers as of the beginning of the first interim or annual reporting period that begins after December 15, 2005. The adoption of this new accounting pronouncement is not expected to have a material impact on the financial statements of Integrated.

Integrated does not expect the adoption of any other recently issued accounting pronouncements to have a significant impact on Integrated results of operations, financial position or cash flow.

### NOTE 2 - GOING CONCERN

As shown in the accompanying financial statements, Integrated incurred recurring net losses of \$45,781, and \$717,372 in fiscal 2005 and 2004 respectively, has an accumulated deficit of \$828,332 as of August 31, 2005. These conditions raise substantial doubt as to Integrated's ability to continue as a going concern. Management is trying to raise additional capital through sales of stock. The consolidated financial statements do not include any adjustments that might be necessary if Integrated is unable to continue as a going concern.

### NOTE 3 - MINERAL CLAIM INTERESTS

On June 1, 2002, Integrated acquired, by staking, a 100% interest in the Saucy #1 through #4 mineral claims located in British Columbia, Canada for cash consideration of \$3,258.

In January 2004, Integrated acquired a 100% interest in the Salsa #1 through #6 mineral claims for cash consideration of \$400.

Since Integrated has not established the commercial feasibility of the mineral claims, the acquisition costs have been expensed.

### Note 4 - RELATED PARTY TRANSACTIONS

## Edgar Filing: Integrated Security Technologies, Inc. - Form 10KSB

In fiscal 2004 a shareholder paid \$18,991 of expenses on behalf of the company. The debt was forgiven by the shareholder.

21

During fiscal 2005, a director of Integrated loaned Integrated \$40,435. The loan is unsecured, due on demand, and bears no interest. Interest of 8% is being expensed and charged against paid in capital.

The president of Integrated provides office space to Integrated under a verbal agreement on a month to month rent free basis.

### Note 5 - COMMON STOCK

Effective June 14, 2004, Integrated effected a 3.3:1 forward stock split, increased the amount of authorized shares to two hundred million (200,000,000), and reauthorized the par value of \$.001 per share of common stock. All share and per share amounts reflected in these consolidated financial statements have been adjusted as if the split were effective on the first day of the first period presented.

During fiscal 2002, Integrated sold 34,828,200 shares of common stock to investors for \$53,700 of cash.

On May 27, 2004, Integrated acquired 100% of the issued and outstanding shares of Integrated Security Technologies, Inc. (a New Jersey company) ("ISTI-NJ") in exchange for 15,258,797 shares of Integrated's common stock. In a separate agreement, the majority shareholder of ISTI-NJ purchased 19,800,000 shares of Integrated from Integrated's then majority shareholder. The total Integrated shares owned by ISTI-NJ shareholders immediately following the merger was 35,058,797. The acquisition was considered a reverse merger. In April 2005, most parties involved agreed to unwind the May 27, 2004 transaction as if it never occurred. 33,914,387 Integrated shares issued to ISTI-NJ and its Officers were returned to Integrated and canceled and the ISTI-NJ shares except for 7.5% were returned to the ISTI shareholders. The statement of stockholders equity reflects the cancellation of the 19,800,000, but treats the 15,258,797 as if it were never issued. Integrated holds 7.5% of ISTI-NJ and the ISTI-NJ officer still holds 1,144,410 shares of Integrated. The 7.5% of ISTI-NJ was valued using the fair value of the 1,144,410 Integrated shares. The value of the investment in ISTI-NJ was \$434,876. Integrated's management determined the investment in ISTI-NJ was impaired as of the date they took ownership in ISTI-NJ due to ISTI-NJ's inability to produce historical financial statements.

During fiscal 2004, Integrated sold 550,000 shares of common stock for \$275,000. In connection with the sale, Integrated issued 1,752,941 shares of common stock to the placement agent for fees associated with the stock sale.

During fiscal 2004, Integrated's majority shareholder agreed to contribute \$18,991 owed to them to Integrated's paid in capital.

### NOTE 6 - INCOME TAXES

Integrated uses the liability method, where deferred tax assets and liabilities are determined based on the expected future tax consequences of temporary differences between the carrying amounts of assets and liabilities for financial and income tax reporting purposes. During fiscal 2005, Integrated incurred net losses and, therefore, has no tax liability. The net deferred tax asset generated by the loss carry-forward has been fully reserved. The cumulative net

# Edgar Filing: Integrated Security Technologies, Inc. - Form 10KSB

22

operating loss carry-forward is \$394,000 at August 31, 2005, and will expire in the years 2022 to 2025.

At August 31, 2005, deferred tax assets consisted of the following:

Deferred tax assets	\$	133,775
Less: valuation allowance		(133,775)
		-----
Net deferred tax asset	\$	-
		=====

## NOTE 7 - RESTATEMENT OF PREVIOUSLY ISSUED FINANCIAL STATEMENTS

In October 2005, Integrated management discovered that shares of common stock previously accounted for as never issued were in fact issued and outstanding. As part of the unwind of the ISTI-NJ acquisition (See note 5 for details), Integrated management considered all shares issued in the transaction canceled. In October 2005, Integrated management discovered that an officer of ISTI-NJ who received 1,144,410 shares of Integrated for 7.5% of ISTI-NJ was not party to the unwind agreement. Therefore, Integrated holds 7.5% of ISTI-NJ and the ISTI-NJ officer still holds 1,144,410 shares of Integrated. The 7.5% of ISTI-NJ was valued using the fair value of the 1,144,410 Integrated shares. The value of the investment in ISTI-NJ was \$434,876. Integrated's management determined the investment in ISTI-NJ was impaired as of the date they took ownership in ISTI-NJ due to ISTI-NJ's inability to produce historical financial statements. This resulted in impairment expense of \$434,876. For the year ending August 31, 2004, this caused deficit accumulated during the development stage and net loss to be understated by \$434,876, common stock to be understated by \$1,144 and paid in capital to be understated by \$433,732.

23

## ITEM 8A. CONTROLS AND PROCEDURES

As required by Rule 13a-15 under the Exchange Act, we carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures as of August 31, 2005. This evaluation was carried out under the supervision and with the participation of our Chief Executive Officer and our Chief Financial Officer. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures are not effective in timely alerting management to material information relating to us required to be included in our periodic SEC filings. There have been no significant changes in our internal controls or in other factors that could significantly affect internal controls subsequent to the date we carried out our evaluation.

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed our reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in our reports filed under the Exchange Act is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.



## Edgar Filing: Integrated Security Technologies, Inc. - Form 10KSB

During our fiscal year ended August 31, 2005, there were no changes in our internal control over financial reporting that have materially affected, or are reasonably likely to affect, our internal control over financial reporting.

24

### PART III

#### ITEM 9. DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS; COMPLIANCE WITH SECTION 16(A) OF THE EXCHANGE ACT.

Our executive officers and directors and their respective ages as of April 13, 2005 are as follows:

##### DIRECTORS:

Name of Director	Age
-----	-----
Randy White	37

##### EXECUTIVE OFFICERS:

Name of Officer	Age	Office
-----	-----	-----
Randy White	37	President, Chief Executive Officer, Secretary and Treasurer

Set forth below is a brief description of the background and business experience of each of our executive officers and directors for the past five years.

RANDY WHITE has acted as our President, Chief Executive Officer, Secretary, Treasurer and as a director since May 31, 2005. Currently Mr. White commits approximately 10 hours per week to our operations. Mr. White is a real estate property developer and financial investor. His background is in residential and commercial real estate development and enterprise management. Mr. White has over fifteen years experience developing commercial and residential real estate. From 1995 to 1998 Mr. White was a co-owner of Ocean Pacific Developments, Inc., Vancouver BC. Mr. White was responsible for the financing of development projects and the management of such developments from conception to completion. Ocean Pacific Developments, Inc. developed residential and commercial real estate in the Greater Vancouver area. His expertise in property development and financing has lead to the establishment of his own investment enterprise - Stratus Investments Group, Inc.

As founder and President of Stratus Investments Group in 1999, a private investment enterprise, Mr. White has successfully managed an array of investment activities including: all types of mortgage financing, bridge financing in real estate development and corporate finance for public companies. Mr. White is currently the President of Stratus Investments Group, Inc. and the company continues to operate in the same capacity since the date of incorporation.

Mr. Randy White does not have any formal training as a geologist or in the technical aspects of management of a mineral exploration company. He lacks technical training and experience with exploring for, starting, and operating a mine. With no direct training or experience in these areas, Mr. White may not be fully aware of the specific requirements related to working within this industry. His decisions and choices may not take into account standard engineering or managerial approaches mineral exploration companies commonly use.

## Edgar Filing: Integrated Security Technologies, Inc. - Form 10KSB

### TERM OF OFFICE

Our directors are appointed for a one-year term to hold office until the next annual general meeting of our shareholders or until removed from office in accordance with our bylaws. Our officers are appointed by our board of directors and hold office until removed by the board.

25

### SIGNIFICANT EMPLOYEES

We have no significant employees other than Randy White, our sole officer and director. We conduct our business through agreements with consultants and arms-length third parties.

### COMMITTEES OF THE BOARD OF DIRECTORS

We presently do not have an audit committee, compensation committee, nominating committee, an executive committee of our board of directors, stock plan committee or any other committees.

### AUDIT COMMITTEE FINANCIAL EXPERT

We have no financial expert. We believe the cost related to retaining a financial expert at this time is prohibitive. Further, because of our start-up operations, we believe the services of a financial expert are not warranted.

### CODE OF ETHICS

We have not yet adopted a corporate code of ethics. Our board of directors is considering, over the next year, establishing a code of ethics to deter wrongdoing and promote honest and ethical conduct; provide full, fair, accurate, timely and understandable disclosure in public reports; comply with applicable laws; ensure prompt internal reporting of code violations; and provide accountability for adherence to the code.

### COMPLIANCE WITH SECTION 16(A) OF THE SECURITIES EXCHANGE ACT

Section 16(a) of the Exchange Act requires our executive officers and directors, and persons who own more than 10% of a registered class of our equity securities ("Reporting Persons"), to file reports of ownership and changes in ownership with the SEC. Reporting Persons are required by SEC regulations to furnish us with copies of all forms they file pursuant to Section 16(a). Based solely on our review of the copies of such reports received by it, and written representations from certain Reporting Persons that no other reports were required for those persons, we believe that, during the year ended August 31, 2005, the Reporting Persons complied with all Section 16(a) filing requirements applicable to them.

### ITEM 10. EXECUTIVE COMPENSATION.

#### SUMMARY COMPENSATION TABLE

The table below summarizes all compensation awarded to, earned by, or paid to our executive officers by any person for all services rendered in all capacities to us for the period from our inception through August 31, 2004.

ANNUAL COMPENSATION

-----

LONG TERM COMPENSATION

-----

Edgar Filing: Integrated Security Technologies, Inc. - Form 10KSB

NAME	TITLE	YEAR	SALARY	BONUS	OTHER ANNUAL COMPENSATION	RESTRICTED		LTIP		AL COMP
						STOCK AWARDED	OPTIONS/* SARS (#)	PAYOUTS (\$)		
Randy White	President,	2005	\$ 0	0	0	0	0	0	0	
	Secretary,	2004	\$ 0	0	0	0	0	0	0	
	Treasurer and Director	2003	\$ 0	0	0	0	0	0	0	

STOCK OPTION GRANTS

We did not grant any stock options to the executive officers or directors from inception through August 31, 2005. We have also not granted any stock options to the executive officers since our inception.

26

EXERCISES OF STOCK OPTIONS AND YEAR-END OPTION VALUES

No stock options were exercised by our officers, directors or employees during the financial year ended August 31, 2005. No stock options have been exercised since August 31, 2005.

OUTSTANDING STOCK OPTIONS

We do not have any stock options outstanding.

COMPENSATION ARRANGEMENTS

We do not pay to our directors or officers any salary or consulting fee. We anticipate that compensation may be paid to officers in the event that we decide to proceed with additional exploration programs beyond the second stage program.

We do not pay to our directors any compensation for each director serving as a director on our board of directors.

We conduct our business through agreements with consultants and arms-length third parties. Currently, we have no formal agreements. Our verbal agreement with our geologist includes his reviewing all of the results from the exploratory work performed upon the site and making recommendations based on those results in exchange for payments equal to the usual and customary rates received by geologists performing similar consulting services.

ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS.

The following table sets forth certain information concerning the number of shares of our common stock owned beneficially as of August 31, 2005 by: (i) each person (including any group) known to us to own more than five percent (5%) of any class of our voting securities, (ii) each of our directors, (iii) each of our named executive officers; and (iv) officers and directors as a group. Unless otherwise indicated, the shareholders listed possess sole voting and investment power with respect to the shares shown.

Title of class	Name and address of beneficial owner	Number of Shares of Common Stock	Percentage of Common Stock (1)
----------------	---	-------------------------------------	-----------------------------------

## Edgar Filing: Integrated Security Technologies, Inc. - Form 10KSB

### DIRECTORS AND EXECUTIVE OFFICERS

Common Stock	Randy White President, Secretary, Treasurer and Director 502 499 Drake St. Vancouver BC V6B 1B1	0 shares	0%
Common Stock	All Officers and Directors as a group (2 persons)	0 shares	0%

(1) Based on 18,475,551 shares of our common stock issued and outstanding as of August 31, 2005. Under Rule 13d-3, certain shares may be deemed to be beneficially owned by more than one person (if, for example, persons share the power to vote or the power to dispose of the shares). In addition, shares are deemed to be beneficially owned by a person if the person has the right to acquire the shares (for example, upon exercise of an option) within 60 days of the date as of which the information is provided. In computing the percentage

27

ownership of any person, the amount of shares outstanding is deemed to include the amount of shares beneficially owned by such person (and only such person) by reason of these acquisition rights. As a result, the percentage of outstanding shares of any person as shown in this table does not necessarily reflect the person's actual ownership or voting power with respect to the number of shares of common stock actually outstanding on August 31, 2005.

### SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets forth certain information concerning all equity compensation plans previously approved by stockholders and all previous equity compensation plans not previously approved by stockholders, as of the most recently completed fiscal year.

-----			
EQUITY COMPENSATION PLANS			
PLAN CATEGORY	(A)	(B)	(C)
	NUMBER OF SECURITIES TO BE ISSUED UPON EXERCISE OF OUTSTANDING OPTIONS, WARRANTS AND RIGHTS	WEIGHTED-AVERAGE EXERCISE PRICE OF OUTSTANDING OPTIONS, WARRANTS AND RIGHTS	NUMBER OF SECURITIES REMAINING AVAILABLE FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS (EXCLUDING SECURITIES REFLECTED IN COLUMN (A))
-----			
Equity Compensation Plans approved by security holders	N/A	N/A	N/A
-----			
Equity Compensation Plans not approved by security holders	N/A	N/A	N/A

---

Total - - -

---

ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.

Except as described below, none of the following parties has, since our date of incorporation, had any material interest, direct or indirect, in any transaction with us or in any presently proposed transaction that has or will materially affect us, other than noted in this section:

- Any of our directors or officers;
- Any person proposed as a nominee for election as a director;
- Any person who beneficially owns, directly or indirectly, shares carrying more than 10% of the voting rights attached to our outstanding shares of common stock;
- our sole promoter, Randy White; and
- Any relative or spouse of any of the foregoing persons who has the same house as such person.

Mr. Michael L. Young, our former president, chief executive officer, and director, acquired 6,000,000 shares of our common stock in his own name at a price of \$0.001 per share on May 30, 2002. Mr. Young paid a total purchase price of \$6,000 for these shares. These shares were issued pursuant to Section 4(2) of the Securities Act and are restricted shares as defined in the Act. This issuance was made to Mr. Young who is a sophisticated individual and, by way of his positions as president and chief executive officer, is in a position of access to relevant and material information regarding our operations.

ITEM 13. EXHIBITS AND REPORTS ON FORM 8-K.

(A) EXHIBITS AND INDEX OF EXHIBITS

EXHIBIT NUMBER	DESCRIPTION OF EXHIBIT
-----	-----
3.1	Articles of Incorporation(1)
3.2	Bylaws, as amended(1)
10.1	Mining Claim Bill of Sale dated July 15, 2002 between Iguana Explorations Inc. and Larry R.W. Sostad(1)
31.1	Certification of Chief Executive Officer as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Chief Financial Officer as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of Chief Executive Officer as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

(1) Previously filed with the SEC as an exhibit to our Form SB-2 Registration Statement originally filed on November 29, 2002, as amended.

(B) REPORTS ON FORM 8-K.

No reports on Form 8-K were filed during the last quarter of our fiscal year ended August 31, 2005.

No reports on Form 8-K have been filed since August 31, 2005.

Edgar Filing: Integrated Security Technologies, Inc. - Form 10KSB

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

AUDIT FEES

The aggregate fees billed for the fiscal years ended August 31, 2005 and August 31, 2004 for professional services rendered by the principal accountant for the audit of our annual financial statements and review of the financial statements included in our Form 10-KSB or services that are normally provided by the accountant in connection with statutory and regulatory filings or engagements for these fiscal periods were estimated at \$5,995 and \$4,955, respectively.

AUDIT RELATED FEES

None.

TAX FEES

None.

ALL OTHER FEES

None.

30

SIGNATURES

In accordance with Section 13 or 15(d) of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

INTEGRATED SECURITY TECHNOLOGIES, INC.

By: /s/ Randy White

-----

Randy White, Director and Chief Executive Officer

Date: November 4, 2005

31