

FORM 61
QUARTERLY REPORT

Incorporated as part of: X Schedule B & C

ISSUER DETAILS:

NAME OF ISSUER: International Hi-Tech Industries Inc.

ISSUER ADDRESS: 1096 West 10th Avenue
 Vancouver, B.C.
 V6H 1H8

CONTACT PERSON: Roger A. Rached

CONTACT'S POSITION: President

CONTACT TELEPHONE NUMBER: 733-5400

FOR QUARTER ENDED: March 31, 2000

DATE OF REPORT: May 30, 2000

CERTIFICATE

THE SCHEDULE(S) REQUIRED TO COMPLETE THIS QUARTERLY REPORT ARE ATTACHED AND THE DISCLOSURE CONTAINED THEREIN HAS BEEN APPROVED BY THE BOARD OF DIRECTORS. A COPY OF THIS QUARTERLY REPORT WILL BE PROVIDED TO ANY SHAREHOLDER WHO REQUESTS IT. PLEASE NOTE THAT THIS FORM IS INCORPORATED AS PART OF BOTH THE REQUIRED FILING OF SCHEDULE A AND SCHEDULES B AND C.

Roger A. Rached	"Roger A. Rached"	00/05/30
NAME OF DIRECTOR	SIGN	DATE SIGNED
Thomas Po	"Thomas Po"	00/05/30
NAME OF DIRECTOR	SIGN	DATE SIGNED

INSTRUCTIONS

This report is to be filed by Exchange Issuers within 60 days of the end of their first, second and third fiscal quarters and within 140 days of the end of their fourth fiscal quarter. Three schedules (typed) are to be attached to this report as follows.

SCHEDULE A: FINANCIAL INFORMATION

Financial information prepared in accordance with generally accepted accounting principles for the fiscal year-to-year, with comparative information for the corresponding period of the preceding fiscal year. This financial information should consist of the following:

For the first, second and third quarters:

An interim financial report presented in accordance with Section 1750 of the C.I.C.A. Handbook. This should include a summary income statement (or a statement of deferred costs) and a statement of changes in financial position. A summary balance sheet is also to be provided.

For the fourth fiscal quarter (year end):

Annual audited financial statements.

SCHEDULE B: SUPPLEMENTAL INFORMATION

The supplementary information set out below is to be provided when not included in Schedule A.

1. *For the current fiscal year-to-date:*

Breakdown, by major category, of those expenditures and costs which are included in the deferred costs, exploration and development expenses, cost of sales or general and administrative expenses set out in Schedule A. State the aggregate amount of expenditures made to parties not at arm's length from the issuer.

2. *For the quarter under review:*

- (a) Summary of securities issued during the period, including date of issue, type of security (common shares, convertible debentures, etc.) number, price, total proceeds, type of consideration (cash, property, etc.) and commission paid.
- (b) Summary of options granted, including date, number, name of optionee, exercise price and expiry date.

3. *As at the end of the quarter:*

- (a) Particulars of authorized capital and summary of shares issued and outstanding.
- (b) Summary of options, warrants and convertible securities outstanding, including number or amount, exercise or conversion price and expiry date.
- (c) Total number of shares in escrow or subject to a pooling agreement.
- (d) List of directors.

SCHEDULE C: MANAGEMENT DISCUSSION

Review of operations in the quarter under review and up to the date of this report, including brief details of any significant event or transaction which occurred during the period. The following list can be used as a guide but is not exhaustive:

Acquisition or abandonment of resource properties, acquisition of fixed assets, financings and use of proceeds, management changes, material contracts, material expenditures, transactions with related parties, legal proceedings, contingent liabilities, default under debt or other contractual obligations, special resolutions passed by shareholders.

Specifically, the management discussion must include:

- (a) disclosure of and reasons for any material differences in the *actual* use of proceeds from the previous disclosure by the issuer regarding its *intended* use of proceeds; and
- (b) a brief summary of the investor relations activities undertaken by or on behalf of the issuer during the quarter and disclosure of the material terms of any investor relation arrangements or contracts entered into by the issuer during the quarter.

Freedom of information and Protection of Privacy Act

The personal information requested on this form is collected under the authority of and used for the purposes of administering the *Securities Act*. Questions about the collection or use of this information can be directed to the Supervisor, Statutory filings (604-660-4890), 1100-865 Hornby Street, Vancouver, British Columbia V6Z 2H4. Toll Free in British Columbia 1-800-373-6393

Issuer Details		For Quarter Ended		Date of Report		
Name of Issuer International Hi-Tech Industries Inc.		March 31, 2000		Y	M	D
1096 West 10 th Avenue				00	05	30
Issuer's Address		Postal Code	Issuer Fax No.	Issuer Telephone No.		
City	Province	V6H 1H8	(604) 734-8300	(604) 733-5400		
Vancouver	BC					
Contact Person		Contact's Position		Contact Telephone No.		
Roger Rached		President		(604) 733-5400		

CERTIFICATE

The three schedules required to complete this Quarterly Report are attached and the disclosure contained therein has been approved by the Board of Directors. A copy of this Quarterly Report will be provided to any shareholder who requests it.

Director's Signature Roger Rached (signed)	Print Full Name Roger Rached	Date Signed Y M D 00 05 30
Director's Signature Thomas Po (signed)	Print Full Name Thomas Po	Date Signed Y M D 00 05 30

INTERNATIONAL HI-TECH INDUSTRIES INC.

QUARTERLY REPORT

MARCH 31, 2000

Schedule A: Financial Information

See attached financial statements and schedule of deferred project development costs.

Schedule B: Supplementary Information

1. See attached Financial Statements
2. a) Securities issued during the period

Date of Issue	Type of Security	Type of Issue	Number of Shares	Issue Price	Total Proceeds	Type of Consideration	Commission Paid
Jan. 6/00	Common	Loan Commitment	428,571	\$0.70	\$ 300,000	Services	None
Feb/00	Common	Loan Guarantee	386,000	\$0.632	\$ 243,952	Services	None
Mar. 2/00	Common	Exercise Warrants	390,625	\$0.74	\$ 289,063	Cash	None
Mar. 8/00	Common	Exercise Warrants	84,348	\$1.32	\$ 111,339	Cash	None
Mar. 13/00	Common	Exercise Warrants	100,000	\$1.15	\$ 115,000	Cash	None
Mar. 27/00	Common	Exercise Warrants	108,000	\$1.035	\$ 111,780	Cash	None
Mar. 31/00	Common	Exercise Warrants	300,000	\$1.15	\$ 345,000	Cash	None

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- b) Stock options granted during the period:

None

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3. a)

Class	Par Value	Authorized	Issued	
			Number	Amount
Common Class A	Without par value	Unlimited number	58,593,791	\$30,735,092
Preferred	Without par value	Unlimited number	3,000,000	\$ 2,733,000

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- b) See Notes 8(d) and 8(e) to the attached financial statements.
- c) See Note 8(c) to the attached financial statements.

INTERNATIONAL HI-TECH INDUSTRIES INC.

QUARTERLY REPORT

MARCH 31, 2000

d) List of Directors:

Roger A. Rached
Evelyn Becker
Ferdinand Rauer

Thomas Po
Lawry Trevor-Deutsch

INTERNATIONAL HI-TECH INDUSTRIES INC.

OTHER FINANCIAL INFORMATION

THREE MONTHS ENDED MARCH 31, 2000

1. Deferred Project Development Costs

Balance, December 31, 1999	\$ 3,955,291
Additions during the period	
Show home	<u>87,461</u>
Balance, March 31, 2000	<u><u>\$ 4,042,752</u></u>

2. General Expense

Computer programming	\$ 3,505
Printing	12,562
Courier	3,676
Postage	2,208
Office supplies	18,054
Equipment leasing	13,836
Auto expenses	16
Utilities	11,099
Dues, subscriptions, licence	<u>5,062</u>
	<u><u>\$ 70,018</u></u>

3. Investor Relations and Product Representation Costs

Bullen Group 3 months x \$2,500	\$ 7,500
Euroasian Canamerican Enterprises Inc. (Vancouver) 3 months x \$5,000	15,000
Veda S.A. Consult (Luxembourg) 3 months x U.S. \$6,000	<u>26,172</u>
	<u><u>\$ 48,672</u></u>

4. Travel and Business Promotion

Meals and entertainment	\$ 18,117
Advertising	-
Travel	5,762
Veda S.A. Consult reimbursable expenses and other costs related to the Luxembourg Show Home	<u>23,019</u>
	<u><u>\$ 46,898</u></u>

SCHEDULE C

MANAGEMENT DISCUSSION

Overview

The principal business of International Hi-Tech Industries Inc. (the "Corporation") is the development and commercialization of a new building system (the "Technology") in Canada, and internationally through the Corporation's 72% owned subsidiary, IHI-International Holdings Ltd. ("IHI-International"). The Canadian rights to the Technology are held by the Corporation pursuant to a licence agreement which terminates on March 16, 2092. The international rights to the Technology are held by IHI-International pursuant to a licence agreement which terminates on October 4, 2093.

During the quarter, the Corporation has maintained its focus and commitment to complete the construction of the permanent manufacturing facility at 7393 Hopcott Road, Delta, British Columbia (the "Hopcott Road Property") and to commence the commercial production of panels derived from the Technology.

The Corporation has continued to demonstrate the attractiveness of its Technology and its expert-oriented business. Despite the poor British Columbia economy, during the first quarter of fiscal 2000 the Corporation generated over \$6.5 million from its capital raising activities.

Management is committed to enhancing the financial return on the Corporation's \$26.9 million of assets, primarily invested in its nearly completed permanent manufacturing facility located in Delta,

British Columbia. In addition, the Corporation will continue to pursue strategic alliances that increase revenue and that are compatible with its corporate culture.

Manufacturing Facility

The structure for the permanent manufacturing facility (the "Facility") (other than for the office accommodations) is complete. Finishing work and the installation of equipment for the production lines must still be completed. All electrical and mechanical systems are now installed and commissioned. The final painting for the interior of the factory is in progress and architectural detailing is also underway. Automatic overhead doors and cranes have been installed and windows, a storm water drainage system and the infrastructure have been completed. All of the panels for the Facility, which number approximately 1,300, were produced by the Corporation. An additional foundation pad is being added to the exterior of the Facility in preparation for the installation of a fully computerized state of the art concrete batching plant in June, 2000. The foundation will accommodate the 80 foot high, 180 foot wide, 30 foot deep batching plant.

The web site at <http://www.ihl.ca> is frequently updated with pictures detailing the construction process at the Facility.

Intellectual Property

The United States Patent and Trademark office has granted United States Patent No. 5,584,151 from the divisional application relating to foundation components of the Technology. The United States Patent and Trademark office has also granted United States Patent Nos. 5,862,639 and 5,785,904 relating to the panels and the method of securing architectural finish elements,

respectively. Over 110 patent applications and applications for other forms of protection have been filed worldwide to attempt to establish exclusionary rights to the Technology in at least 180 countries or regions.

On April 13, 2000, the Corporation announced that Columbia had issued Patent No. 6159 and Poland had issued Patent No. 177816 for the Corporation's new building system technology.

Operations

The Corporation incurred a net loss of \$1,339,029 for the three months ended March 31, 2000, as compared to a net profit of \$18,059 for the three months ended March 31, 1999, principally because of a non-cash expense related to the issuance of Common shares and because the Corporation has completed its initial round of licence agreements. For the three months ended March 31, 2000, no revenue was generated from licensing activities, while \$748,903 was generated for the three months ended March 31, 1999.

As at the end of fiscal 1999, the Corporation had entered into 23 interim licence agreements that call for the establishment of up to 30 *Hi-Tech Factories*. A number of the interim licence agreements call for further cash payments to be made to the Corporation or to its wholly owned subsidiary upon the substantial completion of the Facility. The Corporation intends to expand its base of interim licence agreements by commencing a second round of licencing activities when commercial production at the Facility is achieved. It is expected that the second round of interim licence agreements will call for increased licence fees. In the past, the Corporation has demonstrated its ability to generate revenue

from licence fees to cover a significant portion of its operating expenses.

During the period ended March 31, 2000, the Corporation issued 814,571 Common shares at an aggregate deemed value of \$543,952 in consideration of a loan guarantee and a loan commitment fee. This amount appears as an expense in the Corporation's consolidated statement of operations and deficit for the three months ended March 31, 2000.

Legal costs increased from \$59,165 during the first quarter of fiscal 1999 to \$136,682 for the first three months of fiscal 2000, principally due to the Corporation's capital raising activities.

Total assets increased approximately 26% from \$21.3 million at March 31, 1999 to \$26.9 million at March 31, 2000.

For the three months ended March 31, 2000, interest and foreign exchange expense increased to \$134,643 from \$97,345, principally as a result of higher interest costs associated with the mortgage on the Hopcott Road Property.

Capital Requirements, Resources and Liquidity

As at March 31, 2000 the Corporation had working capital of \$2,760,448. Of such amount, \$1,868,000 is represented by the mortgage advance that is repayable to Highland Pacific Mortgage Corporation. Of the current assets, a portion thereof represents two demand notes received by Veda Consult S.A. ("Veda Consult"). Veda Consult has entered into a memorandum of understanding (the "MOU") to promote, develop and market the products of the Corporation's construction Technology and to establish and operate factory operations in

Luxembourg and in the surrounding regions. IHI-International has accepted from Veda Consult two demand notes, dated June 30 and September 30, 1998 each in the amount of U.S.\$462,500 as payment for the balance of the license fee (U.S.\$925,000), due under the MOU dated November 27, 1995 between Veda Consult and IHI-International respecting the establishment of potential factory operations.

As at March 31, 2000, the Facility, including the land on which the Facility is located, had a book value of approximately \$13.8 million.

The Corporation, based on its estimate of costs in connection with the completion of the Facility, will require approximately \$3 million of financing (whether equity, debt or a lease financing, or a combination of the foregoing) to fund its completion. As at March 31, 2000, the Corporation had working capital of approximately \$2.7 million.

All proceeds from private placements have been used for the purposes disclosed in the applicable news releases disclosing the private placements.

The Corporation has a proven ability to access private capital. The short term outlook for the Corporation's liquidity is satisfactory provided that arrangements are made to either renew or replace the first mortgage over the Hopcott Road Property. The first mortgage is in favour of the Highland Pacific Mortgage Corporation and is due on September 1, 2000. The longer term outlook for the Corporation's liquidity will depend on the Corporation's success in accessing external sources of financing, the speed with which the Corporation will be able to derive internally generated cash flow from the sales of its products and license

fees generated from memoranda of understanding.

Recent Developments

Specialist Consultants Retained

On April 13, 2000, the Corporation announced that it had retained David A. Laundry & Associates to prepare communications strategies for the Corporation and supervise their implementation. Dave Laundry is an experienced and respected B.C. communications executive whose experience includes work as a journalist for daily newspapers in British Columbia and senior positions with The Royal Bank of Canada, The Government of B.C., The Vancouver Stock Exchange and The Loewen Group Inc. He has also worked as a public relations consultant.

Robotic Equipment

On March 12, 2000, the Corporation announced that it had entered into a contract with FANUC Robotics, a state-of-the-art flexible robotic panel welding system manufacturer, for the Corporation's first fully-automated facility in Delta, British Columbia, Canada. The FANUC six-axis articulated robots will be integrated with the latest arc welding, plasma cutting and hot knife foam insulation cutting equipment.

The Corporation's production management computer system will download instructions to the multi-robotic plasma cutting and arc welding robotic cells that will incorporate "Touch Sensing" technology for accurate location of the weld joints. The system accommodates all panel sizes up to 12-feet in width by 40-feet in length and can accept various panel depths and cuts, allowing for flexibility in architectural design and insulation requirements by region.

Leasing and Debt Financing

The Corporation is in late stage negotiations regarding further leasing and debt financing to acquire additional production equipment.

Private Placement

Further to the Corporation's news release dated February 14, 2000, the Corporation announced on May 30, 2000 that it is in the process of closing a private placement of 2,250,000 Units at a price of \$0.80 per Unit (each Unit consists of one common share and one non-transferable share purchase warrant entitling the holder thereof to purchase one additional Common share at a price of \$0.80 per share if exercised in the first year or at a price of \$0.92 per share if exercised in the second year).

Investor Relations

Investor relations activities are also conducted in-house, through Bruce Davis and through the Bullen Group.

Related Party Transactions

On January 6, 2000, 428,571 bonus shares were allotted to Garmeco Canada Int'l Consulting Engineers Ltd. (a company controlled by members of Mr. Rached's family) for providing an increase in a line of credit (made available to the Corporation) from \$1.0 million to \$1.5 million and for extending the term to January 5, 2001.

On February 14, 2000, Garmeco International Consulting Engineers S.A.L. participated in a private placement of a total of 1,250,000 units at a price of \$0.80 per unit, each unit consisting of one Common share of the Corporation and one Common

share purchase warrant. Each Common share purchase warrant entitles the holder thereof to purchase an additional Common share of the Corporation at a price of \$0.80 if exercised in the first year after closing or at a price of \$0.92 if exercised in the second year after closing. Completion of this private placement is subject to regulatory acceptance. See "Private Placement" above.

On February 23, 2000, 386,000 bonus shares were allotted to IHI Holdings Ltd. (a company controlled by members of Mr. Rached's family) for providing a direct covenant of repayment. This covenant was given in connection with the residential construction financing secured by the Corporation.

Reference is also made to the Management Proxy Circular for the annual meeting of the Corporation held on September 9, 1999 and to the disclosure contained herein.

Conclusion

The financial achievements through the first quarter of fiscal 2000 have reconfirmed the Corporation's standing as a leader in the development of new building technology. The Corporation's directors, employees and technical and financial advisors deserve much credit for this success. Their outstanding efforts, combined with the sustained growth for the need for affordable housing, have helped to bring the Corporation to a point where it is on the brink of commercial production. As commercial production is achieved, the capital for the Corporation's future factory growth should be readily available from both debt and equity markets, as well from profit generated from both production and licensing activities.