

Fero Industries Inc. (FROI: OTCQB)

July 2011

Improving Health... Transforming Lives

PROFILE HIGHLIGHTS

Fero Industries Inc. (FROI:OTCQB) is an emerging nutraceutical company focused on the prevention and treatment of a major threat facing healthcare - diabetes. The Company holds the intellectual property and exclusive world-wide rights to the production, marketing and distribution of Sucasnon[®], a clinically-tested herbal-based nutraceutical treatment for Type-2 diabetes.

- **Diabetes Reaching Epidemic Proportions.** Diabetes has become a global health crisis with over 285 million diagnosed cases worldwide. In the United States, more than 10% of adults currently have diabetes and rates are expected to rise to nearly 30% by 2050.
- **Insulin Sensitizers Essential to Diabetes Treatment.** Insulin sensitizers target insulin resistance, which is the core problem of Type-2 diabetes. They are considered standard practice in the ongoing battle against Type-2 diabetes and have generated more than \$5.6 billion of global sales in 2009.
- **Leading Pharmaceutical Options Have Serious Risks.** Two leading pharmaceutical products in the insulin sensitizer category (Avandia[®] and Rezulin[®]) were recently removed from the market after the FDA cited a dramatic increased risk of heart attack, stroke, liver damage, and death.
- **Successful Clinical Trials with Sucasnon[®] - Effective with No Side Effects.** Extensive studies conducted in China and Brazil have shown that Sucasnon[®] is an effective treatment for Type-2 diabetes without the serious risks associated with many of the pharmaceutical agents.
- **Regulatory Approvals Received.** Sucasnon[®] is approved for prescription sale in China and Peru, as well as an over-the-counter (i.e. OTC or non-prescription) product for sale in Mexico.
- **Exclusive Marketing Agreement With Merck S.A. de C.V.** Sucasnon[®] is being distributed in Mexico under an exclusive agreement with Merck S.A. de C.V., a subsidiary of the German pharmaceutical giant, Merck KGaA (\$9.9 billion in 2009 sales).
- **Global Opportunity.** The Company intends to pursue worldwide distribution for Sucasnon. Key markets have been identified in Latin and South America, China, India, and the Middle East.



CORPORATE PROFILE

Fero Industries, Inc. is an emerging nutraceutical company focused on the prevention and treatment of a major threat facing healthcare - diabetes. The Company holds the intellectual property and exclusive world-wide rights to the production, marketing and distribution of Sucanon[®], a clinically-tested herbal-based nutraceutical treatment for Type-2 diabetes.

Sucanon[®] is a member of the class of diabetic medications known as "insulin sensitizers". Pre-clinical and clinical studies have shown that Sucanon[®] and other insulin sensitizers help to normalize patient blood sugar levels in Type-2 diabetics by increasing the muscle, fat and liver's sensitivity to the body's own naturally produced insulin. Insulin sensitizers are considered standard practice in the ongoing battle against Type-2 diabetes and generated more than \$5.6 billion of global sales in 2009.

Successful clinical studies conducted in China and Brazil have shown that Sucanon[®] is an effective treatment for Type-2 diabetes without the serious cardiovascular risks (heart attacks) that have been associated with other insulin sensitizers, including the leading drugs in this category - Avandia[®], Actos[®], and Rezulin[®].

Sucanon[®] has been approved for prescription sale in China and Peru. Sucanon[®] is also approved by regulatory authorities in Mexico as an over-the-counter ("OTC") treatment for Type-2 diabetes and is being distributed in Mexico under an exclusive agreement with Merck S.A. de C.V.

Fero intends to increase awareness, acceptance, and distribution of Sucanon[®] globally.

What is Diabetes?

Diabetes (diabetes mellitus) is a metabolic disorder that affects how the body uses glucose, the main source of fuel for the body. For glucose to move from the blood stream into the cells where it is needed, the hormone insulin must be present. In people with diabetes, either the pancreas produces little or no insulin, or the cells do not respond properly to the insulin. The result is that cells do not receive the fuel they require and unused glucose builds up in the blood stream.

This condition leads to life threatening long-term medical complications including blindness, heart and blood vessel disease, stroke, kidney failure, amputations and nerve damage. Type-2 diabetics have an average life expectancy 15 years less than those without diabetes and their risk of stroke is 2-4 times higher than normal.

There are three common types of diabetes:

Type-1 Diabetes is the failure of the pancreas to produce enough or any insulin. Type-1 diabetics must take daily insulin injections to live. The cause of Type-1 diabetes is not fully understood, but it accounts for 5-10% of diabetes in the United States.

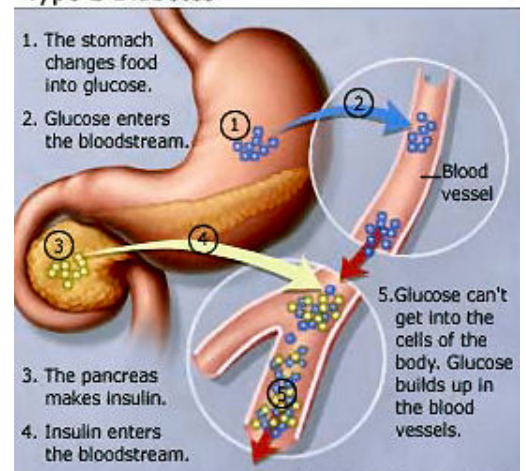
Type-2 Diabetes is a condition where the pancreas usually produces sufficient insulin but the body cannot use it effectively due to a condition called *insulin resistance*. Type-2 is the most common form of diabetes, with 90-95% of patients in this category.

Gestational Diabetes usually develops in women during late pregnancy. About 3-8% of pregnant women in the US develop this form of diabetes, although it occurs more often in certain ethnic groups. These women have a 40-60% chance of developing Type-2 diabetes within 5-10 years.

Insulin sensitizers generated more than \$5.6 billion of global sales in 2009.

Type-2 diabetics have an average life expectancy 15 years less than those without diabetes.

Type 2 Diabetes

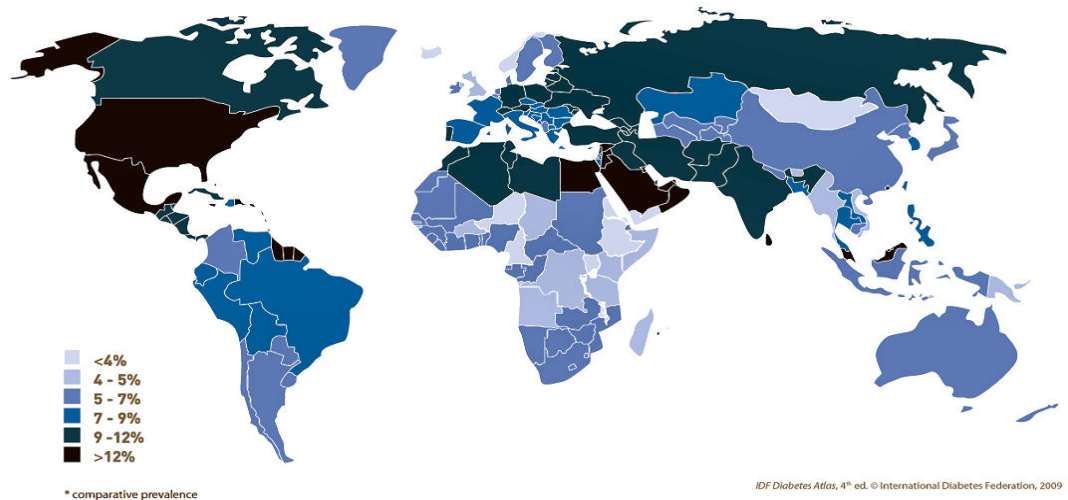


Global Diabetes Epidemic

The number of diabetics continues to increase worldwide and has become one of the most costly non-communicable diseases for both patients and governments. Changing food habits, reduced physical activity, and an aging population are among the major causes of the dramatic growth.

The International Diabetes Association reported that the number of people diagnosed with diabetes has increased from 30 million to 246 million over the last 2 decades (+720%). This statistic is projected to more than double by 2030.

MAP 2.2 Prevalence* (%) estimates of diabetes (20-79 years), 2030



"We expect the projected estimates of the number of people with diabetes in the year 2030 will be close to half a billion"

International Diabetes Federation (IDF)

One-third of American adults could develop diabetes in the next 40 years.

Centers for Disease Control and Prevention (CDC).

In 2008, an estimated 8.5% of the US population (approximately 24 million persons) had diabetes. Another 57 million people in the US are considered to be pre-diabetic (i.e. blood glucose levels higher than normal, but not yet high enough to be defined as diabetes).

The diabetes epidemic has proven to be an even greater problem in developing countries such as China and India, as well as across Latin America and the Caribbean. Globalization and increasing urbanization have led to dramatic changes in diet and lifestyle in recent decades, which has increased the risks for obesity, cardiovascular disease, and diabetes.

Pharmaceutical Treatment for Type-2 Diabetes

In Type-2 diabetes, initial management of the disease is usually a combination of non-pharmacological programs (i.e. exercise and diet) and agents that improve insulin sensitivity.

There are a number of classes of oral drugs available for the treatment of Type-2 diabetes, the most commercially significant being thiazolidinediones (glitazones), which are insulin sensitizers. First introduced in the late 1990's, they increase the effectiveness of the body's naturally produced insulin, thereby increasing glucose uptake and decreasing glucose output from the liver. Members of this class include Rosiglitazone (Avandia[®]), Pioglitazone (Actos[®]), and Troglitazone (Rezulin[®]).

In September 2010, the Food and Drug Administration ("FDA") in the U.S. and the European Medical Agency ("EMA") in the EU ordered severe restrictions on the use of Avandia[®], citing evidence that the extremely popular drug from GlaxoSmithKline PLC (GSK:NYSE) is associated with an increased risk of heart attacks. These restriction orders will effectively eliminate the use of this popular insulin sensitizer worldwide. Rezulin[®], the first drug developed in this class, met a similar fate in 2000 after being linked to drug-induced hepatitis.

There is currently no oral anti-diabetes pharmaceutical available that has not demonstrated significant adverse side-effects.

Clinical studies have demonstrated that Sucanon® is an effective treatment for Type-2 diabetes without serious side-effects.

Actos®, from Takeda Pharmaceutical in Japan, is now the only oral insulin sensitizer approved for use in the United States. Sales of Actos have risen steadily in the U.S., reaching \$3.4 billion last year in 2009. However, its safety has also come into question when further research indicated that it is associated with an increased risk of heart attacks and possibly an increased risk of bladder cancer.

There is currently no oral anti-diabetes pharmaceutical available that has not demonstrated significant adverse side-effects.

Nutraceutical Treatment for Type-2 Diabetes

The link between diabetes and diet has been well documented, as well as the importance of diet combined with medical treatment. In the last decade, nutraceutical-based products have become more widely accepted in the holistic treatment of Type-2 diabetes, as well as bridging the gap between diet and medicine.

Nutraceuticals, a term combining the words "nutrition" and "pharmaceutical", are products isolated from natural food sources for their demonstrated medicinal or health benefits, including the prevention and treatment of disease. Nutraceutical products were once considered alternative medicine, but recent scientific studies have provided credibility to many popular nutraceutical products as effective alternative or complimentary treatments to a wide range of ailments, including Type-2 diabetes, with significantly reduced side effects.

Growth of the nutraceutical market has been dramatic in the last decade, with nearly two-thirds of the American population taking at least one type of nutraceutical health product. The nutraceutical industry is now estimated to be \$86 billion annually in the United States alone.

Over 30% of diabetes patients in the United States now use "Complimentary and Alternative Medicine", which includes nutraceutical products, to manage their health.

Nutraceutical products for the treatment of Type-2 diabetes include a wide range of natural ingredients, including botanical extracts, vitamins, antioxidants, minerals, amino acids and fatty acids. In most countries, nutraceuticals are subject to less regulation than pharmaceutical products and regulatory approval for nutraceutical products can be substantially simpler, faster, and less expensive.



SUCANON® – Proven Nutraceutical Treatment for Type-2 Diabetes

What is Sucanon®?

Developed over a period of 4 years of extensive research and testing, Sucanon® is a patented herbal-based nutraceutical treatment for Type-2 diabetes. Sucanon® is classified as an insulin sensitizer, similar in action to the pharmaceutical class of oral anti-diabetes drugs known as thiazolidinediones (glitazones), which includes Avandia®, Actos®, and Rezulin®.

Unlike these pharmaceutical agents, clinical studies conducted in Canada, China, and Brazil have demonstrated that Sucanon® is an effective treatment for Type-2 diabetes without the serious cardiovascular risks (heart attacks) and potential liver damage associated with the pharmaceutical insulin sensitizers.

Clinical studies have demonstrated that Sucanon[®] reduces key symptoms of Type-2 diabetes..

Sucanon[®] has shown no adverse side effects, including zero toxicity at 2000 times the therapeutic dose.

Sucanon[®] Clinical Trials

The benefits of Sucanon[®] have been demonstrated in a series of clinical trials on over 7,000 patients, including a study in 370 adult patients with Type-2 diabetes conducted in China. This study was a double-blind, randomized, placebo-controlled, multi-center, efficacy and safety study. Subsequent clinical trials were also conducted on Sucanon[®] in Brazil.

In all of the studies conducted to date, Sucanon[®] has shown no adverse side effects, including *zero toxicity at 2000 times the therapeutic dose*. These results set Sucanon[®] apart from other anti-diabetic products, many of which have serious adverse effects on digestion, the liver, and heart.

Clinical studies on Sucanon[®] have demonstrated its ability to reduce key symptoms of Type-2 diabetes, including;

High blood sugar: Sucanon[®] reduces blood sugar readings by about 25% - 30% and brings high blood sugar back into the normal range.

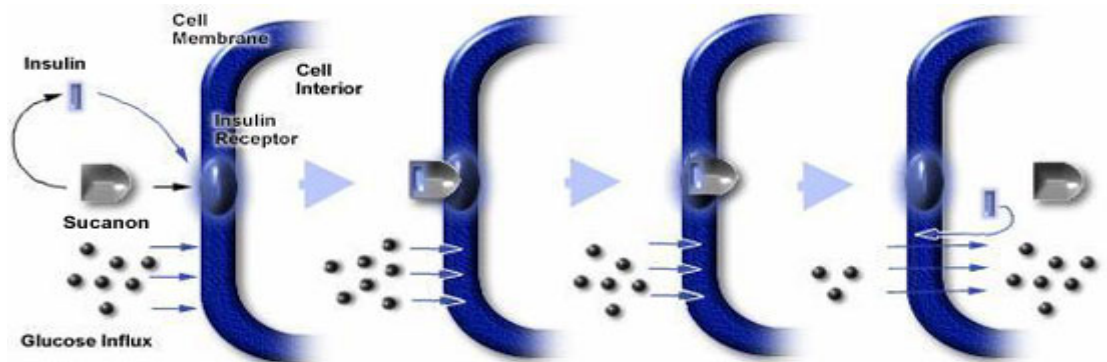
Fatigue: Sucanon[®] reduces both fatigue associated with Type-2 diabetes and Impaired Glucose Tolerance (IGT), a pre-diabetic condition in which the body has difficulty making enough insulin to keep blood sugars at an acceptable level.

Weight gain: Sucanon[®] users report weight loss and better weight control as well as increased energy.

Excess thirst and urination: Sucanon[®] reduces excess thirst and excess urination associated with Type-2 diabetes.

High cholesterol and triglyceride levels: Sucanon[®] reduces the levels of cholesterol and triglycerides associated with Type-2 diabetes. Elevated cholesterol and triglycerides significantly increase the risk of heart disease.

Sucanon[®] - Method of Action



1 - Insulin normally binds to receptors and enters the cell, which is essential for the uptake of glucose, but this function is impeded in Type-2 diabetes patients. 2 - Sucanon[®] increases the binding of insulin to its receptors. 3 - Sucanon[®] increases the internalization of insulin. 4 - Sucanon[®] increases the intracellular level of insulin, which increases the uptake of glucose.

Summary of Results from Sucanon[®] Clinical Trials

Response to Sucanon[®] therapy has been documented not only by a loss of, or a reduction in, Type-2 diabetes related symptoms, but also by improvement in the objective parameters of the disease, including a return to normal or near normal levels in both fasting blood glucose and urinary sugar, and a normalization of the oral glucose tolerance test.

Not only do Sucanon[®] users feel healthier, but clinical testing showed dramatic improvement in blood glucose levels.

Sucanon[®] users feel healthier and clinical tests show dramatic improvements in blood glucose levels.

Sucanon[®] is approved for prescription sale in China and Peru. Sucanon[®] has also been approved as an OTC product for sale in Mexico.

U.S. residents with Type-2 diabetes can buy Sucanon[®] for their own use under the FDA personal importation guidelines.

Parameters	Before	After	Change
Placebo			
Fasting Blood Sugar (mmol/L)	11.67	11.10	-0.57
2-hr Glucose Tolerance Test (mmol/L)	17.67	15.99	-1.68
Daily Urine Sugar (g/24hr)	26.66	25.87	-0.79
Glibenclamide (FDA approved anti-diabetes drug)			
Fasting Blood Sugar (mmol/L)	11.27	9.79	-1.48
2-hr Glucose Tolerance Test (mmol/L)	17.13	14.27	-2.86
Daily Urine Sugar (g/24hr)	27.30	23.59	-3.71
Sucanon[®]			
Fasting Blood Sugar (mmol/L)	12.55	9.60	-2.95
2-hr Glucose Tolerance Test (mmol/L)	17.99	13.68	-4.31
Daily Urine Sugar (g/24hr)	21.55	13.30	-8.25

Table 1: Changes in glucose abnormalities in 370 Type-2 diabetic patients in 3 treatment groups of the randomized, double-blind, controlled study (before and after treatment analyses)

Parameters	Placebo	Glibenclamide	Oral Sucanon [®]
Fasting Blood Sugar	4.50%	13.10%	23.50%
Glucose Tolerance Test	9.50%	16.70%	24.00%
Daily Urine Sugar	3.00%	13.60%	38.30%

Table 2: Results from table 1 expressed as "Percent Improvement" (baseline to end of treatment)

Sucanon[®] Regulatory Status

Sucanon[®] is approved for prescription sale in China and Peru. Sucanon[®] has also been approved as an over-the-counter (i.e. OTC or non-prescription) product for sale in Mexico. Further clinical trials are currently underway that will provide the additional data required for sales and marketing approval of Sucanon[®] throughout the Middle East.

Application for U.S. Food and Drug Administration ("FDA") regulatory approval has not yet been made and no clinical studies have been conducted in the United States. However, U.S. residents with Type-2 diabetes can buy Sucanon[®] for their own use under the FDA personal importation guidelines. A similar personal importation program also exists for Type-2 diabetics in Canada who wish to purchase Sucanon[®].

The Company will consider applying for FDA approval in the near future and also intends to secure approval in other selected countries and regions where Type-2 diabetes is prevalent.

Diabetes is the leading cause of death, limb loss, and blindness in Mexico.

Sucanon[®] is the only extensively clinically tested, zero side-effect, and regulatory approved anti-diabetes treatment option available.

Merck has made significant commitments to ensure the future success of Sucanon[®].

Diabetes in Mexico

Mexico has the highest incidence of diabetes in the world, estimated at close to 15% of the population. The total number of patients diagnosed with diabetes in Mexico has increased seven fold since 1990. Despite the urgent need for treatment, less than 20% of Mexican diabetics have their blood glucose levels under control or even monitored.

These factors have combined to make diabetes the leading cause of death, limb loss, and blindness in Mexico and cost the country more than one-third of its public health care budget. According to a 2003 study by the World Health Organization, the total combined annual direct and indirect costs associated with diabetes in Mexico was \$15.1 billion.

In Mexico, medical care is financed by a combination of public and private sources, with half of the population being uninsured and required to pay for 40-60% of the cost of diabetes care from their own pockets.

Merck S.A. de C.V - Exclusive Sucanon[®] Distribution Agreement for Mexico

The Company has partnered with Merck S.A. de C.V for exclusive distribution of Sucanon[®] in Mexico. Merck S.A. de C.V. ("Merck") is the Mexico and Latin America sales and marketing organization of the German pharmaceutical giant, Merck KGaA, which reported 2009 sales of \$9.9 billion (Frankfurt Stock Exchange: MRK).

Merck has made significant commitments to ensure the future success of Sucanon[®]. Not only has Merck fully endorsed Sucanon[®], but it has also approved the Merck logo to be printed on all Sucanon[®] packaging for sales in Mexico and Latin America.

Merck has also committed a substantial team of professional pharmaceutical sales agents to promote Sucanon[®] to the medical community across Mexico. The Company has increased shipments of Sucanon[®] to Mexico to meet the demand generated by this marketing program.

Based on the initial success of their Sucanon[®] marketing program in Mexico, Merck has initiated discussions with the Company to expand into additional territories in Central and South America.

Global Market for Sucanon[®]

Diabetes has become a global health crisis with over 285 million diagnosed cases worldwide. In the United States, more than 10% of adults currently have diabetes and rates are expected to rise to nearly 30% by 2050. In emerging countries, the statistics are even more critical and there is a growing need to provide safe and effective treatment to this expanding patient population.

In addition to current marketing efforts with Merck in Mexico, the Company intends to pursue agreements with other leading pharmaceutical and nutraceutical companies to quickly establish distribution of Sucanon[®] worldwide to ensure that all Type-2 diabetics have access to a safe and cost effective treatment option.

Worldwide demand for insulin sensitizers reached \$5.6 billion in 2009. Since the effective removal of Avandia[®] and Rezulin[®] from the market, and the potential risks associated with Actos[®], Sucanon[®] is the only extensively clinically tested, zero side-effect, and regulatory approved anti-diabetes treatment option available. Fero Industries and Sucanon[®] are ideally positioned to capitalize on this opportunity to improve patient health and satisfy the growing demand for insulin sensitizers worldwide.



CORPORATE INFORMATION

Financial Reporting/Disclosure

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Legal Counsel

Carrillo Huettel, LLP

3033 Fifth Ave. Suite 201

San Diego, CA 92103

Auditor

Madsen & Associates CPA's, Inc.

684 East Vine Street #3

Murray, Utah 84107

Stock Transfer Agent

Holladay Stock Transfer

2939 N. 67th Place, Suite C

Scottsdale, AZ 85251

Investor Relations

Telephone: (855) 543-4900

Email: info@feroindustries.com

Corporate Website

www.feroindustries.com

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