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NEWS RELEASE

FOX-TEK Announces Q2 2005 Results

TORONTO, Ontario (August 29, 2005) - Fiber Optic Systems Technology, Inc. (the "Company" or "FOX-TEK"), a developer of patented fiber optic sensing products, today announced its unaudited results for the second quarter of fiscal 2005 ended June 30, 2005.

For the quarter ended June 30, 2005, the Company's net loss was \$652,000, compared with \$363,000 in the year-earlier fiscal period. Operating expenses were \$598,000 for the second quarter of fiscal 2005, compared with \$412,000 in the year-earlier period. These higher figures reflect increased sales and marketing costs associated with the continuing execution of FOX-TEK's commercialization strategy.

FOX-TEK's cash position was \$2.9 million at June 30, 2005, compared with \$3.2 million at December 31, 2004. Proceeds from the conversion of warrants amounted to \$742,000 in this quarter, bringing the year to date total to \$992,000. On June 30, 2005, FOX-TEK has approximately 6.2 million purchase warrants outstanding. These purchase warrants have exercise prices of \$0.50 to \$0.75 per purchase warrant and would generate, if fully exercised, approximately \$4.4 million in cash.

Product development costs were \$175,000 for the second quarter of fiscal 2005, compared with \$164,000 in the year-earlier period. The increase reflects FOX-TEK's ongoing Research & Development activities and related production activities as the Company prepares to deploy its fiber optic sensing solutions to its clients. Selling costs increased from \$38,000 in 2004 to \$191,000 in this quarter, which again reflects the significant increase in commercialization activities.

FOX-TEK made significant progress in the second quarter of 2005 in advancing our growth strategy," said Gary W. Jolly, President and CEO, FOX-TEK. "Early results from our test installations are encouraging and support our decision to focus our initial sales efforts on the oil and gas industry.

In the second quarter of fiscal 2005, FOX-TEK delivered on its first purchase order from Saudi Arabian Oil Company (Saudi Aramco), the largest integrated oil company in the world. This resulted in a sale of \$31,000 (\$28,000 of this was deferred as the installation was not complete at the quarter end). The amount of revenue reflects that this initial installation is a test project that Saudi Aramco plans to use to assess and validate FOX-TEK's technology for possible larger installations within their refinery infrastructure. It is presently anticipated that the results of the test installation will be available in the third quarter.

As well, an invited proposal was submitted to NASA in mid-June for the design, construction, and testing of a Phase 2 Micrometeoroid and Orbital Debris Demonstration System.

"Based on these early demonstrations of interest from some of the world's largest and technologically advanced enterprises", said Mr. Jolly, "we are optimistic that FOX-TEK's specialized technology will be successful not only in the oil and gas market but also in a wider range of industries."

About Fiber Optic Systems Technology

Established in 2000, FOX-TEK has developed patented fiber optic sensing products that deliver a cost-effective solution for companies to continually monitor their critical infrastructure and detect and prevent high-consequence or catastrophic occurrences. The company's primary market is the global oil and gas industry, for the monitoring of pipelines and refineries. In addition to its monitoring systems, FOX-TEK delivers a full range of professional services to its customers, including engineering design services, training, supervision of on-site installation and turnkey fiber optic sensing systems. FOX-TEK is headquartered in Toronto, Ontario and is traded on the TSX Venture Exchange under the symbol "FOX".

This press release contains forward-looking statements based on assumptions, uncertainties, and managements' best estimates of future events. Actual results may differ materially from those currently anticipated. Investors are cautioned that such forward-looking statements involve risks and uncertainties. Important factors that could cause actual results to differ materially from those expressed or implied by such forward-looking statements are detailed from time to time in FOX-TEK's periodic reports filed with the Ontario Securities Commission and other regulatory authorities. FOX-TEK has no intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

The TSX Venture Exchange has not reviewed and does not accept responsibility for the adequacy or accuracy of this press release.

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