

FOR IMMEDIATE RELEASE

TSX Venture Exchange symbol: FOX

**FOX-TEK TARGETS GROUND MOVEMENT MONITORING WITH
FIBER OPTIC SLOPE INDICATOR**

SPECIAL MEETING OF SHAREHOLDERS – JANUARY 10, 2007

Fiber Optic Systems Technology, Inc., or FOX-TEK (TSX VENTURE:FOX)(or the Company), a provider of patented fiber optic sensor systems, today announced it is supplying a major North American Gas Transmission company with fiber optic slope indicators for ground movement monitoring near critical pipelines in Western Canada. FOX-TEK recently began commercially supplying non-intrusive fiber optic sensing systems for applications in the Oil & Gas sector such as pipeline bending and internal corrosion monitoring.

Conventional slope inclinometers are used by geotechnical engineers to monitor slopes near pipelines and to detect which layers of soil are responsible for ground movement. These devices serve as an early warning system for detecting ground movement underneath and around oil and gas pipelines.

Ed McClarty, a Geotechnical Engineering Specialist, said “Using FOX-TEK’s technology, I believe I can extend the useful life of conventional slope inclinometers and ultimately reduce monitoring costs.” Typically, when significant ground movement occurs, tight bends in the inclinometer casing prevent it from functioning. By incorporating fiber optic sensors into conventional inclinometer casings, ground movement can continue to be monitored using fiber optic technology well after the conventional technology has stopped being useful. This reduces the need to install new slope inclinometer casings, thus reducing monitoring costs without compromising pipeline integrity.

President & CEO of FOX-TEK, Dr. Essam Zaghoul, said “This application of our technology showcases its inherent versatility, and demonstrates FOX-TEK’s commitment to improving pipeline integrity through reliable, cost-effective monitoring.” Dr. Zaghoul explains that “This project, while novel, relies on the same technology already proven successful in pipeline bending applications. This allows FOX-TEK to cost-effectively extend the life of the existing technology without requiring additional development.”

FOX-TEK’s Board of Directors has called a special meeting of shareholders to be held in Toronto on January 10, 2007 (i) to increase the maximum number of common shares issuable under the Company’s stock option plan by 2,000,000 common shares, (ii) to confirm the election of Dr. Essam Zaghoul to the Board of Directors and (iii) to increase the authorized capital of the Company from 50 million common shares to 100 million common shares. The amendment to FOX-TEK’S stock option plan is subject to the approval of the Company’s disinterested shareholders. Subject to such approval, FOX-TEK also announced the grant today of 500,000 options to an officer of the Company. The options vest in three equal annual installments and expire 5 years from the date of grant. The options have an exercise price of \$1.33, being the closing price of the FOX-TEK shares on December 5, 2006 less the 20% discount permitted by the TSX Venture Exchange.

About Fiber Optic Systems Technology

Established in 2000, Fiber Optic Systems Technology Inc. "FOX-TEK" has developed and patented a technology which uses non-intrusive fiber optic sensors to monitor the thinning of pipelines and refinery vessels due to corrosion/erosion, strain due to bending/buckling, and process pressure and temperature. FOX-TEK's system is extremely sensitive and measures changes in pipe wall thicknesses that are a small fraction of one percent. Its fiber optic sensors are permanently bonded to the outside of a pipe or vessel without the need to halt operations or penetrate the wall, as most other sensor types require. FOX-TEK's sensors are ideal for use near flammable and hazardous materials since they operate on light, not electricity. FOX-TEK's system provides continuous, real-time 24/7 monitoring, which allows an operator to better schedule maintenance operations, avoid unnecessary shutdowns, and prevent accidents and leaks. By allowing operators to know exactly when to perform maintenance on their infrastructure, FOX-TEK's system increases the productive capacity of a refinery or pipeline. 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 monitoring 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 management's 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 securities offered have not been registered under the U.S. Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements. This press release shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities in any State in which such offer, solicitation or sale would be unlawful.

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