
FOR IMMEDIATE RELEASE

TSX Venture Exchange symbol: FOX

FOX-TEK CLOSSES FINANCING TO ACCELERATE COMMERCIALIZATION OF FIBER OPTIC MONITORING SYSTEM

TORONTO, Ontario (October 13, 2006) – Fiber Optic Systems Technology Inc. (“FOX-TEK”), (TSX-V: FOX), a provider of patented fiber optic sensor systems, today reported that it has closed the second part of a previously announced agreement with Research Capital Corporation (“Research”). The funding will be used to expedite the product rollout and commercialization of FOX-TEK’s line of fiber optic monitoring products.

This financing will go towards expanding FOX-TEK’s global presence through marketing and sales staff focused on growing the Canadian, U.S. and Middle Eastern markets. With an increased marketing and sales force, FOX-TEK will achieve rapid sales traction.

Focusing on the oil and gas industry, FOX-TEK’s patented fiber optic monitoring system represents a key technological advancement in addressing what is a multi-billion dollar problem and leading cause of natural gas and oil pipeline failures for the industry: corrosion. Capable of precisely monitoring the stress and strain of industrial components, FOX-TEK’s patented sensors are ideally suited to accurately measure temperature, pressure and subtle localized swelling of pipeline walls. Already tested and implemented by major petroleum companies, FOX-TEK’s non-intrusive fiber optic technology monitors pipeline corrosion in real-time to help prevent leaks, spills and costly unplanned downtime.

“The problem of corrosion is not new, but unfortunately neither are the technologies used to monitor it,” said Dr. Essam Zaghoul, FOX-TEK’s president and CEO. “With aging refineries and oil and gas pipelines and oil and gas demand steadily increasing, it’s imperative companies have accurate systems that not only monitor corrosion and pipeline buckling and bending, but does so in a proactive manner. The additional financing we’ve received will support FOX-TEK’s ability to move forward with commercial product implementation in the marketplace.”

The financing agreement concerns an option under which Research agreed to buy \$1.5 million of common shares from the Company at a price of \$2.00 per share. The option agreement is in addition to the original financing whereby Research, exclusive of the underwriter option, purchased shares for proceeds of \$5 million. The first part of the option, \$885,000 (442,500 shares), closed on Friday September 29, 2006. The remaining \$615,000 (307,500 shares) has closed today, October 13th, 2006. The common shares have been resold to qualified investors within Canada and the United Kingdom and are subject to a four month hold period. In addition to the underwriter option, Research received a commission of 7% of the gross proceeds of the offering and 325,000 broker warrants. Each broker warrant may be exercised to purchase one common share at \$2.00 per share within 24 months of the issuance of the broker warrants. The broker warrants are subject to a four month hold period from their date of issuance.

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.

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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.

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