

## PRESS RELEASE

**FIBER OPTIC SYSTEMS TECHNOLOGY INC.** ("the Company") has today entered into an agreement with Research Capital Corporation (the "Underwriter") under which the Underwriter has agreed to buy 2,500,000 Shares from the Company at a price of \$2.00 per Share, representing an aggregate amount of issue of \$5,000,000 subject to the fulfillment of certain conditions. The Common Shares will be purchased for resale on a firm commitment private placement basis to be resold to qualified investors in such provinces of Canada as the Underwriter and the Company may agree upon. Additionally, the Company has granted the underwriters an option to purchase up to an additional \$1,500,000 of Common Shares exercisable in whole or in part at any time until 48 hours prior to Closing. Closing is expected on or about October 13<sup>th</sup>, 2006. The will be used to fund the ongoing commercialization and development of the Company's fiber optic sensing products.

***Not for distribution to U.S. news wire services or dissemination in the United States.***

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.

### **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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