**FOR IMMEDIATE RELEASE**

**February 13, 2015**

## ALLOY STEEL INTERNATIONAL REPORTS 2015 FIRST QUARTER RESULTS

**Perth, Australia, February 13, 2015 – Alloy Steel International, Inc. (OTC: AYSI) ("Alloy Steel" or "Company")** the manufacturer of Arcoplate and provider of anti-wear and hang-up solutions to the mining and bulk materials industries, based in Perth, Western Australia, today reported results for its 2015 first quarter ended December 31, 2014.

### About Alloy Steel International, Inc

Alloy Steel International manufactures and distributes Arcoplate, a market leading wear-resistant alloy overlay wear plate. In mining processing industries, wear is the primary cause of down time, the period of time where machinery is not in operation because of the necessity of repairs or refurbishment. The Arcoplate product line substantially lowers down time, carry-back and the resulting lost production. Arcoplate is widely accepted in the mining and mineral processing industries to protect a host of fixed plant and mobile equipment applications. Alloy Steel International boasts major mining companies as its clients and services the global market place from its Australian manufacturing facilities.

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**ALLOY STEEL INTERNATIONAL, INC. AND CONTROLLED ENTITIES**
**CONSOLIDATED BALANCE SHEETS**
**December 31, 2014 and September 30, 2014**

| | December 2014 (unaudited) | September 2014 (audited) |
|---|---|---|
| **ASSETS** | | |
| **CURRENT ASSETS** | | |
| Cash and cash equivalents | $ 8,771,288 | $ 7,720,048 |
| Accounts receivable, less allowance for doubtful accounts of $nil at December, 2014 and September 30, 2014 | 3,585,711 | 5,076,839 |
| Inventories | 6,614,110 | 6,439,409 |
| Prepaid expenses and other current assets | 340,740 | 422,573 |
| **TOTAL CURRENT ASSETS** | 19,311,849 | 19,658,869 |
| **PROPERTY AND EQUIPMENT**, net | 8,032,874 | 8,645,891 |
| **OTHER ASSETS** | | |
| Deferred tax assets | 317,842 | 471,571 |
| Other assets | 17,863 | 17,863 |
| Total other assets | 335,705 | 489,434 |
| **TOTAL ASSETS** | $ 27,680,428 | $ 28,794,194 |
| **LIABILITIES AND STOCKHOLDERS' EQUITY** | | |
| **CURRENT LIABILITIES** | | |
| Notes payable, current portion | $ 82,248 | $ 110,429 |
| Accounts payable | 593,464 | 691,175 |
| Royalties payable, related party | 60,145 | 121,348 |
| Current tax payable | 553,444 | 656,858 |
| Accrued payroll and related costs | 449,331 | 523,907 |
| Other accrued liabilities | 2,220,454 | 2,292,606 |
| **TOTAL CURRENT LIABILITIES** | 3,959,086 | 4,396,323 |
| **LONG-TERM LIABILITIES** | | |
| Notes payable, less current portion | 46,150 | 60,578 |
| Deferred tax liabilities | 183,914 | 330,547 |
| Other liabilities | 43,978 | 36,303 |
| **TOTAL LONG-TERM LIABILITIES** | 274,042 | 427,428 |
| **COMMITMENTS AND CONTINGENCIES** | | |
| **STOCKHOLDERS' EQUITY** | | |
| Preferred Stock: $0.01 par value; authorized 3,000,000 shares; issued and outstanding – none | - | - |
| Common Stock: $0.01 par value; authorized 50,000,000 shares; 17,350,000 issued and outstanding | 173,500 | 173,500 |
| Capital in excess of par value | 1,769,382 | 1,769,382 |
| Retained earnings | 24,290,320 | 23,041,226 |
| Accumulated other comprehensive income | (2,754,370) | (982,595) |
| Total Alloy Steel International, Inc. Shareholders equity | 23,478,832 | 24,001,513 |
| Non controlling interest | (31,532) | (31,070) |
| **TOTAL STOCKHOLDERS' EQUITY** | 23,447,300 | 23,970,443 |
| **TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY** | $ 27,680,428 | $ 28,794,194 |

**ALLOY STEEL INTERNATIONAL, INC. AND CONTROLLED ENTITIES**
**CONSOLIDATED STATEMENTS OF OPERATIONS**
**Quarters Ended December 31, 2014 and 2013**

| | December 2014 (unaudited) | December 2013 (unaudited) |
|---|---|---|
| **Sales** | $ 5,282,865 | $ 6,421,655 |
| **Cost of Sales** | (3,013,285) | (3,267,239) |
| **Gross Profit** | 2,269,580 | 3,154,416 |
| **Operating Expenses** | | |
| Selling, general and administrative Expenses | (1,201,882) | (1,312,095) |
| **Profit From Operations** | 1,067,698 | 1,842,321 |
| **Other Income (Expense)** | | |
| Interest income | 26,839 | 24,163 |
| Interest expense | (2,711) | (5,755) |
| Sundry income | 81,342 | 14,631 |
| Realised foreign exchange profit (loss) | 338,179 | 12,367 |
| Unrealised foreign exchange profit (loss) | 302,413 | 313,771 |
| | 746,062 | 359,177 |
| **Income Before Income Tax Expense** | 1,813,760 | 2,201,498 |
| Income tax expense | (565,128) | (673,503) |
| **Net Income** | 1,248,632 | 1,527,995 |
| Net (income) loss attributable to non-controlling interests | 462 | 462 |
| **Net Income Attributable to Stockholders** | $ 1,249,094 | $ 1,528,457 |
| **Basic Income and Diluted Income per Common Share** | $ 0.07 | $ 0.09 |
| **Weighted Average Common Shares Used in computing basic and diluted income (loss) per share** | 17,350,000 | 17,350,000 |

**ALLOY STEEL INTERNATIONAL, INC. AND CONTROLLED ENTITIES**
**CONSOLIDATED STATEMENT OF SHAREHOLDER EQUITY**
**For the three months ended December 31, 2014**

| | Common Stock Shares | Common Stock Amount | Capital in Excess of Par Value | Retained Earnings | Accumulated Other Comprehensive Income | Non Controlling Interest | Total Stockholders' Equity |
|---|---|---|---|---|---|---|---|
| Balances, September 30, 2014 | 17,350,000 | $173,500 | $1,769,382 | $23,041,226 | $(982,595) | $(31,070) | $23,970,443 |
| Net Income attributable to stockholders | - | - | - | 1,249,094 | - | (462) | 1,248,632 |
| Other comprehensive income | - | - | - | - | (1,771,775) | - | (1,771,775) |
| Balances, December 31, 2014 | 17,350,000 | $173,500 | $1,769,382 | $24,290,320 | $(2,754,370) | $(31,532) | $23,447,300 |

**ALLOY STEEL INTERNATIONAL, INC. AND CONTROLLED ENTITIES**
**CONSOLIDATED STATEMENTS OF CASH FLOWS**
**Three Months Ended December 31, 2014 and 2013**

| | December-14 | December-13 |
|---|---|---|
| **Cash Flows From Operating Activities** | | |
| Net income | $ 1,248,632 | $ 1,527,995 |
| *Adjustments to reconcile net income to net cash provided by (used in) operating activities:* | | |
| Depreciation and amortisation | 147,648 | 285,823 |
| Profit on sale of plant and equipment | (59,000) | - |
| Loss attributable to non controlling interest | (462) | (462) |
| *Increase (decrease) in cash and cash equivalents attributable to changes in operating assets and liabilities:* | | |
| Accounts receivable | 1,063,954 | 532,175 |
| Inventories | (520,845) | (1,218,734) |
| Prepaid expenses and other current assets | 57,033 | 8,828 |
| Accounts payable and other current liabilities | (151,309) | (1,274,302) |
| Income taxes payable | (65,737) | 278,936 |
| **Net Cash Provided by (Used in) Operating Activities** | 1,719,914 | 140,259 |
| **Cash Flows From Investing Activities** | | |
| Purchase of property, plant and equipment | (81,275) | (397,503) |
| Proceeds on sale of property, plant and equipment | 59,000 | - |
| **Net Cash Provided by (Used in) Investing Activities** | (22,275) | (397,503) |
| **Cash Flows From Financing Activities** | | |
| Repayments on notes and loans payable | (71,903) | (129,535) |
| **Net Cash Provided by (Used in) Financing Activities** | (71,903) | (129,535) |
| **Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents** | (574,496) | (374,225) |
| **Net Increase (Decrease) in Cash and Cash Equivalents** | 1,051,240 | (761,004) |
| **Cash and Cash Equivalents at Beginning of Period** | 7,720,048 | 8,780,660 |
| **Cash and Cash Equivalents at End of Period** | $ 8,771,288 | $ 8,019,656 |

**Exchange Rate Movements**

Predominantly all operations of Alloy Steel International are conducted by the Australian subsidiary, and therefore, the majority of the amounts reported are initially recorded in Australian dollars by the subsidiary. The value of the Australian dollar compared to the US dollar has been volatile over the reporting period, and therefore the exchange rate movement continues to have a noticeable impact upon the value reported by the Company.