FOR IMMEDIATE RELEASE

February 12, 2016

ALLOY STEEL INTERNATIONAL REPORTS 2016 FIRST QUARTER RESULTS

Perth, Australia, February 12, 2016 – 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 2016 first quarter ended December 31, 2015.

About Alloy Steel

Alloy Steel manufactures and distributes Arcoplate, a technically superior and market leading 'alloy overlay' wear plate, servicing the global market place from its modern manufacturing facilities in Perth, Australia. Arcoplate is used throughout the mining and materials processing industries, from opportunistic one-off specialty applications in small companies to large relationship based repeat business applications with leading international companies.

Arcoplate provides users with superior wear protection due to its premium alloy mix, its high ratio of carbide rich alloy and its unique manner of manufacture. The product's technical superiority combined with its unbeatable 'whole-of-life' cost has resulted in Arcoplate's wide acceptance in the mining and mineral processing industries to reduce wear in a host of fixed plant and mobile equipment applications.

In mining and materials processing industries, where premature equipment wear is the primary cause of downtime, to undertake repairs or refurbishment, Arcoplate can provide users with significant profit improvement. Arcoplate can substantially lower equipment downtime, resulting in higher production, whilst also lowering the overall cost of wear protection.

Furthermore, in applications where material 'hang-up' or 'carry-back' are also a significant cause of lost production, such as sticky materials that do not discharge freely from truck trays, buckets and chutes, Arcoplate's unique characteristic of polishing to a very low friction factor has the potential to virtually eliminate these problems, whilst simultaneously providing enhanced equipment wear life.

ENQUIRIES
Thushara (Sam) Dahanayake
Company Secretary
+61 8 9248 3188
samd@alloysteel.net

ALLOY STEEL INTERNATIONAL, INC. AND CONTROLLED ENTITIES
CONSOLIDATED BALANCE SHEETS
December 31, 2015 and September 30, 2015

	December 2015 (unaudited)	September 2015 (audited)
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 13,190,745	$ 12,025,603
Accounts receivable, less allowance for doubtful accounts of $nil at December, 2015 and September 30, 2015	3,171,684	3,023,770
Inventories	4,194,920	4,440,622
Prepaid expenses and other current assets	360,693	364,730
Land and building held for sale	4,165,102	4,000,000
TOTAL CURRENT ASSETS	25,083,144	23,854,725
PROPERTY AND EQUIPMENT, net	2,057,649	2,087,358
OTHER ASSETS		
Deferred tax assets	372,739	451,149
Other assets	17,863	17,863
Total other assets	390,602	469,012
TOTAL ASSETS	$ 27,531,395	$ 26,411,095
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Notes payable, current portion	$ 38,755	$ 36,825
Accounts payable	770,940	1,136,234
Royalties payable, related party	70,247	121,432
Current tax payable	1,078,947	1,082,527
Accrued payroll and related costs	424,451	435,789
Other accrued liabilities	25,190	24,079
TOTAL CURRENT LIABILITIES	2,408,530	2,836,886
LONG-TERM LIABILITIES		
Notes payable, less current portion	2,033	11,609
Deferred tax liabilities	163,825	192,622
Other liabilities	36,833	36,833
TOTAL LONG-TERM LIABILITIES	202,691	241,064
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	28,871,323	28,348,432
Accumulated other comprehensive income	(5,859,511)	(6,923,649)
Total Alloy Steel International, Inc. Shareholders equity	24,954,694	23,367,665
Non controlling interest	(34,520)	(34,520)
TOTAL STOCKHOLDERS' EQUITY	24,920,174	23,333,145
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 27,531,395	$ 26,411,095

ALLOY STEEL INTERNATIONAL, INC. AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENTS OF OPERATIONS
Quarters Ended December 31, 2015 and 2014

	December 2015 (unaudited)	December 2014 (unaudited)
Sales	$ 5,049,976	$ 5,282,865
Cost of Sales	(2,808,727)	(3,013,285)
Gross Profit	2,241,249	2,269,580
Operating Expenses		
Selling, general and administrative Expenses	(1,152,665)	(1,201,882)
Profit From Operations	1,088,584	1,067,698
Other Income (Expense)		
Interest income	26,344	26,839
Interest expense	(277)	(2,711)
Sundry income	26,685	81,342
Realised foreign exchange profit (loss)	35,485	338,179
Unrealised foreign exchange profit (loss)	(321,996)	302,413
	(233,759)	746,062
Income Before Income Tax Expense	854,825	1,813,760
Income tax expense	(331,934)	(565,128)
Net Income	522,891	1,248,632
Net (income) loss attributable to non-controlling interests	-	462
Net Income Attributable to Stockholders	$ 522,891	$ 1,249,094
Basic Income and Diluted Income per Common Share	$ 0.03	$ 0.07
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 STATEMENTS OF COMPREHENSIVE INCOME
Quarters Ended December 31, 2015 and 2014

	December 2015 (unaudited)	December 2014 (unaudited)
Net Income	$ 522,891	$ 1,248,632
Other Comprehensive (Loss)		
Foreign currency translation adjustment	1,064,138	(1,771,775)
Total Other Comprehensive (Loss)	1,064,138	(1,771,775)
Total Comprehensive Income	$ 1,587,029	$ (523,143)
Total comprehensive income attributable to:		
Stockholders of Alloy Steel International, Inc	$ 1,587,029	$ (523,143)
Non-controlling interest	-	(462)
	$ 1,587,029	$ (523,605)

ALLOY STEEL INTERNATIONAL, INC. AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY
For the three months ended December 31, 2015

	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, October 1, 2015	17,350,000	$173,500	$1,769,382	$28,348,432	$(6,923,649)	$(34,520)	$23,333,145
Net Income attributable to stockholders	-	-	-	522,891	-	-	522,891
Other comprehensive income	-	-	-	-	1,064,138	-	1,064,138
Balances, December 31, 2015	17,350,000	$173,500	$1,769,382	$28,871,323	$(5,859,511)	$(34,520)	$24,920,174

ALLOY STEEL INTERNATIONAL, INC. AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
Three Months Ended December 31, 2015 and 2014

	December-15	December-14
Cash Flows From Operating Activities		
Net income	$ 522,891	$ 1,248,632
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortisation	143,481	147,648
Profit on sale of plant and equipment	-	(59,000)
Loss attributable to non controlling interest	-	(462)
Increase (decrease) in cash and cash equivalents attributable to changes in operating assets and liabilities:		
Accounts receivable	(4,687)	1,063,954
Inventories	400,586	(520,845)
Prepaid expenses and other current assets	25,080	57,033
Accounts payable and other current liabilities	(470,083)	(151,309)
Income taxes payable	7,888	(65,737)
Net Cash Provided by (Used in) Operating Activities	625,156	1,719,914
Cash Flows From Investing Activities		
Purchase of property, plant and equipment	(6,908)	(81,275)
Proceeds on sale of property, plant and equipment	-	59,000
Net Cash Provided by (Used in) Investing Activities	(6,908)	(22,275)
Cash Flows From Financing Activities		
Repayments on notes and loans payable	(9,750)	(71,903)
Net Cash Provided by (Used in) Financing Activities	(9,750)	(71,903)
Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents	556,644	(574,496)
Net Increase (Decrease) in Cash and Cash Equivalents	1,165,142	1,051,240
Cash and Cash Equivalents at Beginning of Period	12,025,603	7,720,048
Cash and Cash Equivalents at End of Period	$ 13,190,745	$ 8,771,288

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.