FOR IMMEDIATE RELEASE
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ALLOY STEEL INTERNATIONAL REPORTS 2016FY SECOND QUARTER RESULTS

Perth, Australia, Alloy Steel International, Inc. (OTC: AYSI) ("Alloy Steel" or "the Company") the manufacturer of Arcoplate and provider of equipment wear protection and enhanced material handling solutions to the mining and mineral processing industries, today reported results for its second quarter 2016 financial year ended March 31, 2016.

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
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ALLOY STEEL INTERNATIONAL, INC. AND CONTROLLED ENTITIES
CONSOLIDATED BALANCE SHEETS
March 31, 2016 and September 30, 2015

	March 2016 (unaudited) US$	September 2015 (audited) US$
ASSETS		
Current Assets		
Cash and cash equivalents	13,717,736	12,025,603
Accounts receivable, less allowance for doubtful accounts of $57,680 at March 31, 2016 and $nil at September 30, 2015	2,599,377	3,023,770
Inventories	5,207,897	4,440,622
Prepaid expenses and other current assets	347,591	364,730
Land and building held for sale	4,355,746	4,000,000
Total Current Assets	26,228,347	23,854,725
Property and Equipment, net	2,025,919	2,087,358
Other Assets		
Deferred tax assets	541,855	451,149
Other assets	17,863	17,863
Total Other Assets	559,718	469,012
Total Assets	$28,813,984	$26,411,095
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Notes payable, current portion	33,360	36,825
Accounts payable	681,002	1,136,234
Royalties payable, related party	78,759	121,432
Current tax payable	489,370	1,082,527
Accrued payroll and related costs	478,903	435,789
Other accrued liabilities	26,468	24,079
Total Current Liabilities	1,787,862	2,836,886
Long-Term Liabilities		
Notes payable, less current portion	-	11,609
Deferred tax liabilities	138,926	192,622
Other liabilities	42,978	36,833
Total Long-Term Liabilities	181,904	241,064
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	29,527,188	28,348,432
Accumulated foreign exchange losses	(4,604,135)	(6,923,649)
Total Equity before minority interests	26,865,935	23,367,665
Minority interests	(21,717)	(34,520)
Total Stockholders' Equity	26,844,218	23,333,145
Total Liabilities and Stockholders' Equity	$28,813,984	$ 26,411,095

ALLOY STEEL INTERNATIONAL, INC. AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENTS OF OPERATIONS

	Quarter Ended		Half Year Ended	
	March 31 2016 (unaudited) US$	**March 31 2015 (unaudited) US$**	**March 31 2016 (unaudited) US$**	**March 31 2015 (unaudited) US$**
Sales	4,278,871	8,973,570	9,328,847	14,256,435
Cost of Sales	(1,872,747)	(4,185,322)	(4,681,474)	(7,198,607)
Gross Profit	2,406,124	4,788,248	4,647,373	7,057,828
Operating Expenses				
Selling, general and administrative expenses	(1,252,806)	(1,298,105)	(2,405,471)	(2,499,987)
Profit (Loss) From Operations	1,153,318	3,490,143	2,241,902	4,557,841
Other Income (Expense)				
Interest income	29,125	26,838	55,469	53,677
Interest expense	(1,114)	(1,877)	(1,391)	(4,588)
Sundry income (expense)	80,859	65,709	107,544	147,051
Realised foreign exchange profit (loss)	18,094	122,477	53,579	460,656
Unrealised foreign exchange profit (loss)	(278,097)	403,393	(600,093)	705,806
Total Other Income (Expense)	(151,133)	616,540	(384,892)	1,362,602
Profit (Loss) Before Income Tax	1,002,185	4,106,683	1,857,010	5,920,443
Income tax (expense) benefit	(346,320)	(1,326,694)	(678,254)	(1,891,822)
Net Profit (Loss)	655,865	2,779,989	1,178,756	4,028,621
Net (profit) loss attributable to minority interests	(12,803)	1,381	(12,803)	1,843
Net Profit (Loss) Attributable to Stockholders	643,062	2,781,370	1,165,953	4,030,464
Basic Income (Loss) and Diluted Profit (Loss) per Common Share	0.037	0.160	0.067	0.232
Weighted average common shares used in computing basic and diluted profit (loss) per share	17,350,000	17,350,000	17,350,000	17,350,000

ALLOY STEEL INTERNATIONAL INC. AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
Half Years Ended March 31, 2016 and 2015

	March 2016 (unaudited) US$	March 2015 (unaudited) US$
Net Income	1,178,756	4,028,621
Other Comprehensive Income/(Loss)		
Foreign currency translation adjustment	2,319,514	(3,383,086)
Total Other Comprehensive Income/(Loss)	2,319,514	(3,383,086)
Total Comprehensive Income	3,498,270	645,535
Total comprehensive income attributable to:		
Stockholders of Alloy Steel International, Inc	3,498,270	645,535
Non-controlling interest	12,803	(1,843)
	3,511,073	643,692

ALLOY STEEL INTERNATIONAL, INC. AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF SHAREHOLDER EQUITY
Half Year Ended March 31, 2016
(Unaudited)

	Common Stock		Capital in Excess of Par Value	Retained Earnings	Accumulated Foreign Exchange Losses	Minority Interests	Total Stockholders' Equity
	Shares	Amount US$	US$	US$	US$	US$	US$
Balances as at Sep 30, 2015	17,350,000	173,500	1,769,382	28,348,432	(6,923,649)	(34,520)	23,333,145
Net Profit attributable to stockholders	-	-	-	1,178,756	-	12,803	1,191,559
Foreign exch. gain/(loss) for the period	-	-	-	-	2,319,514	-	2,319,514
Balances as at Mar 31, 2016	17,350,000	173,500	1,769,382	29,527,188	(4,604,135)	(21,717)	26,844,218

ALLOY STEEL INTERNATIONAL, INC. AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
Half Year Ended March 31, 2016 and 2015

	Half Year Ended	
	March 31 2016 (unaudited) US$	**March 31 2015 (unaudited) US$**
Cash Flows From Operating Activities		
Net profit	1,178,756	4,028,621
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortisation	287,589	500,469
Profit on sale of plant and equipment	-	(104,200)
Profit/(Loss) attributable minority interests	12,803	(1,843)
Increase (decrease) in cash and cash equivalents attributable to changes in operating assets and liabilities:		
Accounts receivable	116,239	190,098
Inventories	(388,722)	(45,777)
Prepaid expenses and other current assets	70,132	95,158
Accounts payable and other current liabilities	53,616	111,765
Income taxes payable	(770,303)	865,908
Net Cash Provided by (Used in) Operating Activities	560,110	5,640,199
Cash Flows From Investing Activities		
Purchase of property, plant and equipment	(10,341)	(363,248)
Proceeds on sale of property, plant and equipment	-	104,200
Net Cash Provided by (Used in) Investing Activities	(10,341)	(259,048)
Cash Flows From Financing Activities		
Repayments on notes and loans payable	(18,691)	(136,640)
Net Cash Provided by (Used in) Financing Activities	(18,691)	(136,640)
Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents	1,161,055	(1,247,819)
Net Increase (Decrease) in Cash and Cash Equivalents	1,692,133	3,996,692
Cash and Cash Equivalents at Beginning of Period	12,025,603	7,720,048
Cash and Cash Equivalents at End of Period	13,717,736	11,716,740

Exchange Rate Movements

The operations of Alloy Steel International, Inc. are predominantly conducted by its Australian subsidiary with the majority of the amounts reported initially recorded in Australian dollars. The Australian dollar/US dollar exchange rate has been volatile over the reporting period, resulting in significant impact on the reported results of the Company.