FOR IMMEDIATE RELEASE

August 14, 2018

ALLOY STEEL INTERNATIONAL REPORTS 2018 THIRD QUARTER RESULTS

Perth, Australia, August 14, 2018 – 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 2018 financial year third quarter ended June 30, 2018.

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
June 30, 2018 and September 30, 2017

	June 2018 (unaudited) US$	September 2017 (audited) US$
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	9,947,047	12,910,894
Accounts receivable, less allowance for doubtful accounts of $55,596 at June 30, 2018 and $58,966 September 30, 2017	4,801,041	3,469,491
Inventories	4,517,456	2,400,704
Prepaid expenses and other current assets	664,942	574,721
Land and building held for sale	3,742,835	4,032,642
TOTAL CURRENT ASSETS	23,673,321	23,388,452
PROPERTY AND EQUIPMENT, net	3,071,404	2,448,339
OTHER ASSETS		
Deferred tax assets	230,527	223,519
Total other assets	230,527	223,519
TOTAL ASSETS	26,975,252	26,060,310
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	1,757,716	1,359,295
Royalties payable, related party	126,811	80,784
Current tax payable	376,500	744,467
Accrued payroll and related costs	508,250	497,473
TOTAL CURRENT LIABILITIES	2,769,277	2,682,019
LONG-TERM LIABILITIES		
Deferred tax liabilities	98,068	139,635
Other liabilities	86,786	69,867
TOTAL LONG-TERM LIABILITIES	184,854	209,502
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; 17,042,000 issued and outstanding	170,420	170,420
Capital in excess of par value	1,769,382	1,769,382
Retained earnings	27,579,299	25,327,944
Accumulated other comprehensive income (loss)	(5,497,980)	(4,098,957)
TOTAL STOCKHOLDERS' EQUITY	24,021,121	23,168,789
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	26,975,252	26,060,310

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

	Quarter Ended		Nine Months Ended	
	June 30 2018 (unaudited) US$	June 30 2017 (unaudited) US$	June 30 2018 (unaudited) US$	June 30 2017 (unaudited) US$
SALES	6,373,349	5,237,213	16,680,975	16,220,944
COST OF SALES	(4,109,710)	(3,265,501)	(10,618,542)	(9,539,369)
GROSS PROFIT	2,263,639	1,971,712	6,062,433	6,681,575
OPERATING EXPENSES				
Selling, general and administrative expenses	(1,119,868)	(954,153)	(3,173,446)	(2,652,390)
PROFIT (LOSS) FROM OPERATIONS	1,143,771	1,017,559	2,888,987	4,029,185
OTHER INCOME (EXPENSE)				
Interest income	51,125	31,327	123,268	79,922
Interest expense	-	-	-	(99)
Sundry income (expense)	23,427	23,360	67,387	79,902
Realised foreign exchange profit (loss)	(59,297)	(16,024)	(78,190)	(26,726)
Unrealised foreign exchange profit (loss)	124,475	(41,038)	280,423	(50,691)
Total Other Income (Expense)	139,730	(2,375)	392,888	82,308
PROFIT (LOSS) BEFORE INCOME TAX	1,283,501	1,015,184	3,281,875	4,111,493
INCOME TAX (EXPENSE) BENEFIT	(398,804)	(336,966)	(1,030,520)	(1,310,972)
NET PROFIT (LOSS) ATTRIBUTABLE TO STOCKHOLDERS	884,697	678,218	2,251,355	2,800,521
BASIC INCOME (LOSS) AND DILUTED PROFIT (LOSS) PER COMMON SHARE	0.052	0.040	0.132	0.164
WEIGHTED AVERAGE COMMON SHARES USED IN COMPUTING BASIC AND DILUTED PROFIT (LOSS) PER SHARE	17,042,000	17,042,000	17,042,000	17,042,000

ALLOY STEEL INTERNATIONAL INC. AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
Nine Months Ended June 30, 2018 and 2017

	June 2018 (unaudited) US$	June 2017 (unaudited) US$
Net Income	2,251,355	2,800,521
Other Comprehensive (Loss)		
Foreign currency translation adjustment	(1,399,023)	16,710
Total Other Comprehensive (Loss)	(1,399,023)	16,710
Total Comprehensive Income	852,332	2,817,231

ALLOY STEEL INTERNATIONAL, INC. AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY
Nine Months Ended June 30, 2018

	Common Stock Shares	Common Stock Amount US$	Capital in Excess of Par Value US$	Retained Earnings US$	Accumulated Other Comprehensive Income US$	Total Stockholders' Equity US$
Balances, October 1, 2017	17,042,000	170,420	1,769,382	25,327,944	(4,098,957)	23,168,789
Net Income attributable to stockholders	-	-	-	2,251,355	-	2,251,355
Other comprehensive income	-	-	-	-	(1,399,023)	(1,399,023)
Balances, June 30, 2018	17,042,000	170,420	1,769,382	27,579,299	(5,497,980)	24,021,121

ALLOY STEEL INTERNATIONAL, INC. AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
Nine Months Ended June 30, 2018 and 2017

	Nine Months Ended	
	June 30 2018 (unaudited) US$	June 30 2017 (unaudited) US$
Cash Flows From Operating Activities		
Net income	2,251,355	2,800,521
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortisation	567,577	469,576
(Profit)/loss on sale of plant and equipment	(11,785)	29,923
Increase (decrease) in cash and cash equivalents attributable to changes in operating assets and liabilities:		
Accounts receivable	(1,507,883)	(419,914)
Inventories	(2,304,654)	1,115,134
Prepaid expenses and other current assets	(126,468)	163,234
Accounts payable and other current liabilities	483,969	65,047
Income taxes payable	(394,881)	880,866
Net Cash Provided by (Used in) Operating Activities	(1,042,770)	5,104,387
Cash Flows From Investing Activities		
Purchase of property, plant and equipment	(1,300,725)	(1,285,367)
Proceeds on sale of property, plant and equipment	11,785	24,665
Investment in Subsidiary	-	(5,908,474)
Net Cash Provided by (Used in) Investing Activities	(1,288,940)	(7,169,176)
Cash Flows From Financing Activities		
Repayments on notes and loans payable	-	(288,496)
Net Cash Provided by (Used in) Financing Activities	-	(288,496)
Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents	(632,137)	64,023
Net Increase (Decrease) in Cash and Cash Equivalents	(2,963,847)	(2,289,262)
Cash and Cash Equivalents at Beginning of Period	12,910,894	14,317,327
Cash and Cash Equivalents at End of Period	9,947,047	12,028,065

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.