



FOR FURTHER INFORMATION:

AT THE COMPANY:

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FOR IMMEDIATE RELEASE

Friday, January 28, 2011

ALLOY STEEL INTERNATIONAL REPORTS 2010 FISCAL YEAR-END RESULTS

Perth, Australia, January 28, 2011 – Alloy Steel International, Inc. (OTC BB: AYSI) (“Alloy Steel” or “Company”) a wear plate manufacturer based in Malaga, Perth, Western Australia, today reported audited results for fourth quarter and year ended September 30, 2010.

Financial Results

During the quarter ended September 30, 2010, total quarterly sales increased to \$8.8 million as compared to \$4.2 million in the fourth quarter of 2009. These sales consist solely of the Company’s Arcoplate products. Income before tax for the fourth quarter of 2010 was \$2.7 million or \$0.16 per common share, compared with income before tax of \$0.5 million or \$0.03 per common share for the same period in 2009.

For the year ended September 30, 2010, total sales increased to \$24.5 million as compared to \$8.8 million for the same period in 2009. Net income after tax for 2010 was \$4.9 million or \$0.28 per common share, compared with a net loss after tax of (\$0.07) million or (\$0.004) per common share for the same period in 2009.

Results of Operations

For the year ended September 30, 2010, sales have improved by 178 percent compared to sales for the year ended September 30, 2009. This occurred due to an increase in demand for ArcoPlate facilitated by increased production. It was previously announced in the fourth quarter 2009 that the second mill had commenced production, although problems were encountered. During the commissioning process, it became evident that further enhancements were required to make the mill more efficient. The increased productive capacity of the Company is reflected in the quarterly production and sales for the fourth quarter 2010 and beyond.

The Company has a unique product being manufactured by newly developed technology, invented by the current Chairman and CEO, Mr. Gene Kostecki and the team at Alloy Steel.

Mr. Kostecki stated, "The Company is very pleased with this significant result that has come at an important time in its development. The Company has posted record quarterly and annual sales and a record net income after tax and is poised to continue growth. We are further encouraged with the continued response by our customers to our range of wear plate products and our order book remains strong."

Excerpts of the audited financial statements are attached to this report. These excerpts are a summary only and should be read in the context of the full audited financial statements which will become available upon the release of the Company's Annual Report.

-- FINANCIAL TABLES FOLLOW --

NOTES

FORWARD-LOOKING STATEMENTS

This Press Release contains various "forward-looking statements" within the meaning of the Securities Act of 1933 and the Securities Exchange Act of 1934, and the Company intends that such forward-looking statements will be subject to the safe harbors created thereby. This information may involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements to be materially different from the future results, performance or achievements expressed or implied by any forward-looking statements. Such risks and uncertainties include our projected sales and profitability, growth strategies, anticipated trends in our industry segment, our future financing plans, anticipated needs for working capital and those risks and uncertainties referenced under the headings entitled "Risk Factors" contained in our 2009 Annual Report on Form 10-K. Forward-looking statements, which involve assumptions and describe our future plans, strategies and expectations, are generally identifiable by use of the words "may," "will," "should," "expect," "anticipate," "estimate," "believe," "intend" or "project" or the negative of these words or other variations on these words or comparable terminology.

Actual events or results may differ materially from those discussed in forward-looking statements as a result of various factors. In light of these risks and uncertainties, there can be no assurance that the forward-looking statements contained in this filing will in fact occur. The forward-looking statements contained in this Press Release speak only as of the date hereof and we expressly disclaim any obligation to provide public updates, revisions or amendments to any forward-looking statements made herein to reflect changes in our expectations of future events.

EXCHANGE RATE MOVEMENTS

It is noted that 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 reasonable impact upon the value reported by the Company.



Manufactured in Australia
Used the World Over

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ALLOY STEEL INTERNATIONAL, INC.

ALLOY STEEL INTERNATIONAL, INC. AND CONTROLLED ENTITIES
AUDITED CONSOLIDATED BALANCE SHEETS
September 30, 2010 and 2009

	September 2010	September 2009
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 3,504,350	\$ 424,090
Accounts receivable, less allowance for doubtful accounts of \$nil at September, 2010 and September 30, 2009	5,597,253	3,104,393
Inventories	3,287,138	2,247,759
Prepaid expenses and other current assets	90,998	82,948
TOTAL CURRENT ASSETS	12,479,739	5,859,190
PROPERTY AND EQUIPMENT, net	6,558,410	3,350,600
OTHER ASSETS		
Investments	75,493	222,702
Deferred tax asset	332,113	176,781
Other assets	17,863	17,863
Total other assets	425,469	417,346
TOTAL ASSETS	\$ 19,463,618	\$ 9,627,136
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Notes payable, current portion	\$ 217,553	\$ 93,868
Accrued officers' salaries	-	11,745
Royalties payable, related party	1,148,335	936,829
Current tax payable	1,981,375	-
Accounts payable and other current liabilities	3,434,746	2,338,297
TOTAL CURRENT LIABILITIES	6,782,009	3,380,739
LONG-TERM LIABILITIES		
Notes payable, less current portion	581,492	145,843
Notes payable, officers	255	255
Employee entitlement provisions	-	11,916
Deferred tax liabilities	189,026	389,119
TOTAL LONG-TERM LIABILITIES	770,773	547,113
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	1,767,512	1,767,512
Retained earnings	7,704,279	2,830,721
Accumulated other comprehensive income	2,272,956	931,743
Total Alloy Steel International, Inc. Shareholders equity	11,918,247	5,703,476
Non controlling interest	(7,411)	(4,212)
TOTAL STOCKHOLDERS' EQUITY	11,910,836	5,699,264
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 19,463,618	\$ 9,627,136

ALLOY STEEL INTERNATIONAL, INC. AND CONTROLLED ENTITIES
AUDITED CONSOLIDATED STATEMENTS OF OPERATIONS
Years Ended September 30, 2010 and 2009

	September 2010	September 2009
Sales	\$ 24,544,217	\$ 8,819,217
Cost of Sales	11,470,524	5,747,172
Gross Profit	13,073,693	3,072,045
Operating Expenses		
Selling, general and administrative expenses	5,634,490	3,056,352
Profit (Loss) From Operations	7,439,203	15,693
Other Income (Expense)		
Interest income	39,125	26,306
Interest expense	(74,123)	(39,363)
Dividend income	8,637	6,785
Insurance recovery	13,927	27,096
Sundry income	21,975	24,135
Realised foreign exchange profit (loss)	84,379	-
Unrealised foreign exchange profit (loss)	(160,821)	-
	(66,901)	44,959
Income (Loss) Before Income Tax (Expense) Benefit	7,372,302	60,652
Income tax (expense) benefit	(2,501,943)	(138,509)
Net Income (Loss)	4,870,359	(77,857)
Net (income) loss attributable to non-controlling interests	3,199	5,602
Net Income (Loss) Attributable to Stockholders	\$ 4,873,558	\$ (72,255)
Basic Income (Loss) and Diluted Income (Loss) per Common Share	\$ 0.28	\$ (0.004)
Weighted Average Common Shares Used in computing basic and diluted income (loss) per share	17,350,000	17,350,000