

ALLOY STEEL INTERNATIONAL, INC.

**INFORMATION STATEMENT
ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD ON JULY 14, 2017**

This information statement (this “Information Statement”) is furnished to stockholders in connection with the Annual Meeting of Stockholders (the “Annual Meeting”) of Alloy Steel International, Inc. (the “Company”).

Stockholders MUST VOTE IN PERSON AT MEETING OR BY VALID PROXY. The Board of Directors of the Company (the “Board”) is not soliciting proxies to be used at the Annual Meeting. Under the Company’s bylaws, a stockholder entitled to vote at the Annual Meeting may authorize another person or persons to act for such stockholder by a valid proxy signed by the stockholder or its attorney-in-fact. Any such proxy shall be delivered to the secretary of the Annual Meeting at or before the beginning of the meeting.

The Company’s executive offices are located at 93 Mulgool Road, Malaga, 6090, Western Australia, its phone number is +61 8 9248 3188 and its website is www.alloysteel.net. The approximate date of making this Information Statement available to the Company’s stockholders on the Company’s website (www.alloysteel.net) is June 2, 2017.

TIME AND PLACE OF MEETING

The Annual Meeting will be held at 93 Mulgool Road, Malaga, 6090 Western Australia, on Friday, July 14, 2017, at 10:00 a.m., local time.

**VOTING RIGHTS AND
PRINCIPAL HOLDERS OF VOTING SECURITIES**

Only stockholders of record at the close of business on May 15, 2017 are entitled to notice of and to vote at the Annual Meeting or at any adjournments. As of that date, the Company had 17,042,000 shares of common stock issued, outstanding and entitled to vote held by five (5) holders of record. Shares cannot be voted at the Annual Meeting unless the holder is present in person or represented by proxy. Each share of common stock outstanding on the record date entitles the holder thereof to one vote upon each matter to be voted upon at the Annual Meeting.

The presence, in person or by proxy, of a majority of the issued and outstanding shares of the Company’s common stock is necessary to constitute a quorum for the transaction of business at the Annual Meeting. If there is not a quorum at the Annual Meeting, holders of a majority of the shares of common stock present in person or by proxy may adjourn the Annual Meeting from time to time.

**ELECTRONIC AVAILABILITY OF
INFORMATION STATEMENT AND FINANCIAL STATEMENTS**

We are making this Information Statement and our audited financial statements for the year ended September 30, 2015 (the “2015 Financial Statements”) and our audited financial statements for the year ended September 30, 2016 (the “2016 Financial Statements”), available to stockholders electronically via the Internet at www.alloysteel.net under the “Investor Relations” section by clicking “About Us”.

If you would like to receive a copy of this Information Statement, the 2015 Financial Statements or the 2016 Financial Statements, please contact Thushara Dahanayake at samd@alloysteel.net or at 93 Mulgul Road, Malaga 6090 Western Australia, and the Company will send the materials to you. There is no charge to you for requesting a copy.

ELECTION OF DIRECTORS

The first matter to be considered at the Annual Meeting will be the election of two directors. It is proposed that these positions be filled by persons nominated by the Board. Each director shall be elected by a plurality of the votes cast at the Annual Meeting. The Inspector of Elections appointed at the Annual Meeting will tally the votes cast at the Annual Meeting, either in person or by valid proxy. Each director elected at the Annual Meeting will serve for a term commencing on the date of the Annual Meeting and continuing until the Company's next Annual Meeting of Stockholders or until his successor is duly elected and qualified.

THE BOARD RECOMMENDS A VOTE "FOR" EACH OF THE NOMINEES NAMED BELOW.

Biographical information of each director nominee is set forth below.

Steven Kostecki, age 51, has served as a director of the Company since June 28, 2013, and as Chief Executive Officer since June 2013. Mr. Kostecki was previously Production Manager of the Company from January 2005 to June 2013.

Alan Scott, age 68, has served as a director of the Company since December 9, 2011 and as Chairman of the Company since January 2014. Mr. Scott is a non-executive director of Alloy Steel Australia (Int) Pty Ltd ("ASAI"), a wholly owned subsidiary of the Company. Mr. Scott was previously Chairman of Black Range Minerals Limited, Managing Director of Mesa Minerals Limited and Managing Director of Aurora Gold Limited. Before that Mr. Scott spent 22 years with Rio Tinto Limited, in a variety of senior level roles. Mr. Scott's initial work experience, and exposure to the resources industry, was as an accountant with Coopers & Lybrand for 13 years in Australia, Canada and the United Kingdom.

Board Committees

The Board does not have any established committees. Upon the establishment of one or more committees, if any, the Board will appoint members of the committees and, as appropriate, the committee charters will be posted on the Company's website at www.alloysteel.net under the "Investor Relations" section by clicking "About Us".

Communications with the Board

If you wish to communicate with any of the directors of the Board or the Board as a group, you may do so by writing to them at [Name(s) of Director(s)/Board of Directors of Alloy Steel International, Inc.], 93 Mulgul Road, P.O. Box 3087, Malaga, D C 6945 Western Australia.

Director Compensation

Beginning in the fiscal year ending September 30, 2015, the Company paid a director's fee of AUD\$45,872 per annum to each non-employee and non-executive director, payable monthly in arrears. The Company reimburses all costs and expenses of all directors for attending each meeting. No additional Chairman fee currently is paid. Directors may also from time to time be granted options or other equity

awards to incentivize them to contribute to the success of the Company. As of the date of this Information Statement, no options or other awards have been granted to any director.

In addition, the Company engaged Mr. Scott, the sole non-executive director, as a consultant for strategic planning, intellectual property and value enhancement and paid him a consultancy fee for the fiscal years ended September 30, 2015 and 2016 in the amounts of AUD\$44,200 and AUD\$121,500, respectively.

Mr. Kostecki currently does not receive any additional compensation for his services as a director.

OTHER MATTERS

As of the date of this Information Statement, the Company knows of no business that will be presented for consideration at the Annual Meeting other than the items referred to above. If any other matter is properly brought before the meeting for action by stockholders, proxies returned to us will be voted in accordance with the recommendation of the Board or, in the absence of such a recommendation, in accordance with the best judgment of the proxy holder.

MANAGEMENT AND EXECUTIVE COMPENSATION

Mr. Kostecki serves as a Director and Chief Executive Officer and Thushara Dahanayake serves as Chief Financial Officer and Secretary of the Company. Each is annually appointed by, and serves at the pleasure of, the Board. See “Election of Directors” above for biographical information about Mr. Kostecki. Biographical information about Mr. Dahanayake is set forth below.

Thushara Dahanayake, age 42, has served as the Chief Financial Officer of the Company since December 2013, and as Secretary of the Company since January 2014. Mr. Dahanayake was previously the Financial and Management Accountant of the Company from November 2011 to December 2013. Mr. Dahanayake is a member of CPA Australia.

Compensation

The following table sets forth the compensation paid to each of Messrs. Kostecki and Dahanayake for the fiscal years ended September 30, 2016 and 2015. During such years, neither of Messrs. Kostecki and Dahanayake received any additional compensation or was issued any stock options or other equity incentives.

<u>Executive Officer</u>	<u>Fiscal Year End</u>	<u>Salary</u>	<u>Bonus</u>
Steven Kostecki – Chief Executive Officer	2016	AUD\$250,000	AUD\$100,000
	2015	AUD\$259,617	AUD\$55,000
Thushara Dahanayake – Chief Financial Officer and Secretary ¹	2016	AUD\$150,000	AUD\$40,000
	2015	AUD\$152,885	AUD\$30,000

¹ Mr. Dahanayake was appointed as an executive officer of the Company in December 2013.

SECURITY OWNERSHIP OF DIRECTORS, MANAGEMENT AND PRINCIPAL STOCKHOLDERS

The following table sets forth, as of May 22, 2017, the shareholdings of each of the Company's current directors and executive officers. Except as otherwise noted, the beneficial owners named in the following table have sole voting and investment power with respect to all shares of the Company's common stock shown as beneficially owned by them.

<u>Beneficial Owner</u>	<u>Shares of Common Stock</u>	<u>Percent²</u>
Steven Kostecki ³ – Director and Chief Executive Officer	28,000	0.16%
Maria Kostecki ⁴ – Principal Stockholder	10,361,200	60.8%
Alan Scott – Director	0	0%
Thushara Dahanayake – Chief Financial Officer and Secretary	0	0%

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Acquisition of Matrix Metals

On November 18, 2016, ASAI reached an agreement to acquire Matrix Metals International Pty Ltd (“Matrix”), an entity controlled by the Kostecki family. Mr. Kostecki recused himself as a director for purposes of reviewing and approving the acquisition, and Mr. Scott served as independent director for purposes of reviewing and approving the acquisition. Matrix has supplied certain steel and alloy raw materials to ASAI, under long-standing supply arrangements.

The acquisition consolidates into the Company these material supply arrangements that have been conducted over the years through a succession of Kostecki family entities and further consolidates certain material components of the Arcoplate business within the Company.

ASAI acquired Matrix on a cash free, debt free basis (with customary normalized net working capital adjustments) for AUD\$7.85 million effective as of November 18, 2016. The Company sought and received a ‘fair value assessment’ of the acquired Matrix assets from Ernst & Young, an independent advisory firm in Australia, and the consideration paid fell within the indicated valuation range. As a result of the acquisition of Matrix, the Company will eliminate historical payment obligations to Matrix and its predecessors that, in the fiscal years ended September 30, 2016 and 2015, totaled AUD\$2,296,000 and AUD\$4,123,000, respectively. The Company's management regards this transaction as a key step toward consolidating certain material components of the Arcoplate business within the Company, which process commenced with the passing of the Company's founder, Gene Kostecki, in 2014.

² The percentage calculations are based on 17,042,000 shares of common stock issued and outstanding as of May 15, 2017.

³ Steven Kostecki disclaims beneficial ownership of the shares of common stock owned by Maria Kostecki.

⁴ Maria Kostecki disclaims beneficial ownership of the shares of common stock owned by Steven Kostecki.

Lease of Premises

The Company leases its factory at 42 Mercantile Way, Malaga, from which it manufactures Arcoplate and it leases its executive offices / factory at 93 Mulgul Road, Malaga, from Raglan Securities Pty Ltd. Mrs. Maria Kostecki is a director and shareholder of Raglan Securities Pty Ltd. The lease is at customary commercial conditions and fiscal rates. The Company entered into a new lease agreement on March 1, 2014 for a five year term with the Company's option to renew for a further nine years. The Company has expanded into the adjoining facility and moved its administration into 93 Mulgul Road, Malaga, both of which also are owned by Raglan Securities Pty Ltd. The facility at 42 Mercantile Way is being expanded and the commercial arrangements under the lease will be updated to reflect the expanded occupied premises.

The rental amounts paid and/or accrued in the relevant fiscal year pursuant to this arrangement are listed below:

<u>Fiscal Year End</u>	<u>Rent</u>
2016	US\$694,000
2015	US\$735,000

Royalty License Agreement

On September 1, 2016, the Company entered into an amended and restated intellectual property license agreement (the "2016 License Agreement") with Raglan Securities Pty Ltd, an entity controlled by the Kostecki family. In addition to clarifying the description of the intellectual property licensed to the Company under the prior license agreement, the 2016 License Agreement extends the term of the historical intellectual property license for a period of twenty five years with three options to extend for further terms of ten years each. Under the 2016 License Agreement, the Company is required to pay royalties of 6% on the gross sales of Arcoplate products, calculated monthly – the same royalty rate applied under the prior license agreement.

The royalty amounts paid and/or accrued in the relevant fiscal year pursuant to this arrangement are listed below:

<u>Fiscal Year End</u>	<u>Royalty Expense</u>
2016	US\$1,018,000
2015	US\$1,335,000

Intellectual Property and Other Services

Consistent with the above arrangements and for the purpose of protecting intellectual property, certain procurement transactions are undertaken on behalf of the Company by Matrix, which was an affiliate of Mrs. Maria Kostecki, on customary commercial terms and conditions. As previously mentioned in the "Acquisition of Matrix Metals" section above, the Company acquired Matrix on November 18, 2016.

The aggregate amounts paid and/or accrued for raw materials procured through these arrangements as described above in the relevant fiscal year are listed below:

<u>Fiscal Year End</u>	<u>Amount</u>
2016	US\$1,692,000
2015	US\$3,243,000

Building Construction

The Company entered into an agreement with PT Bimo Prasetyo through its Indonesian subsidiary PT Alloy Manufacturing Indonesia (“PTAMI”) for the construction of a building. The contract value for the building was \$35,600,000,000 Indonesian Rupiah (“IRP”) (approximately US\$2,848,000) as at September 30, 2016. The construction of the building is currently on hold and land and buildings were placed on sale due to changes in business conditions. Payments of IRP\$20,186,000,000 (approximately US\$1,615,000) have been made to balance date. Further payments of IRP\$15,414,000,000 (approximately US\$1,233,000) remain outstanding at balance date. However there has been no further progress on construction since 2013 and it is highly unlikely that this amount will become payable.

The Board made a decision to sell the land and buildings of PTAMI. The property is currently on market and accordingly it was reclassified as a current asset on the 2016 Financial Statements. The Board received a preliminary offer to acquire the land and buildings of PTAMI, but has not formally closed a sale.

Wind up of Alloy Steel Mongolia LLC

During the 2016 financial year, the majority owned subsidiary Alloy Steel Mongolia LLC was wound up due to lack of activity.

GENERAL INFORMATION

Management knows of no matters that will be presented for consideration at the Annual Meeting other than those stated in the Notice of Meeting.

By Order of the Board of Directors

Thushara Dahanayake
Secretary

Dated: June 2, 2017