

Alloy Steel International Inc.
42 Mercantile Way
Malaga, Western Australia 6012
Tel: (+618) 9248 3188 Fax: (+618) 9248 3166

NEWS RELEASE

OTCBB SYMBOL: AYSI

AUG. 1, 2006

Alloy Steel Awarded Manufacturing Order from OneSteel Ltd.

Perth, Australia.

Alloy Steel International Inc. (AYSI:OTCBB) through its Australian subsidiary, Alloy Steel Australia (Int.) Pty Ltd., has been awarded a manufacturing order from OneSteel Ltd.

Alloy Steel will supply a series of wear resistant and anti-hang up ArcoPlate™ liner plates for OneSteel's "Project Magnet" Magnetite Concentrator Plant Feed Bin. Project Magnet is part of OneSteel's \$350 million upgrade of its Whyalla Steelworks plant in Southern Australia.

Delivery of this first unit is scheduled between August and October, 2006. Additionally, a New Zealand company has been engaged to fabricate the Reclaim Conveyor Feed Hopper using ArcoPlate™ supplied by Alloy Steel.

Alloy Steel will also submit a quote for the larger Magnetite Concentrator Raw Feed Bin scheduled for commission later this year. It is expected the gross sales value to Alloy Steel will be in excess of one million dollars.

Alloy Steel President & CEO, Gene Kostecki comments, "We are very pleased to have been selected to be part of this innovative project. The move from hematite to magnetite as feed for the Whyalla Steelworks provides OneSteel with a lower cost of manufacturing and the ability to produce more steel. Magnetite has a higher relative hardness rating than hematite. This is where our ArcoPlate™ technology becomes a cost saving factor. ArcoPlate™ not only outlasts and outperforms, it also benefits our customers by raising their bottom line".

About OneSteel Ltd.

OneSteel Ltd. is a former division of BHP Billiton and the largest manufacturer of steel long products in Australia, with revenues of \$3 billion Australian dollars. OneSteel has over 200 operational sites in Australia and New Zealand, more than 30,000 customers and employs approximately 7,400 people.

About Alloy Steel International

Alloy Steel International makes engineering and wear resistant materials used in the mining and mineral processing and construction industries. ArcoPlate™ is manufactured through a patented process, has ISO 9001:2001 accreditation and is the only thermo-clad fused alloy wear plate available on the market. This metallurgical bonding of alloy and steel backing plate is resistant to wear, impact and abrasion. ArcoPlate™ provides greater wear resistance and minimizes material hang-up, resulting in significantly reduced downtime and greater productivity. Alloy Steel International is debt-free, cash-positive and serves satisfied customers in over fifteen countries.

www.alloysteel.net

Investor Inquiry:

Daniel Byrne

(888) 998-8886

dan.byrne@alloysteel.net

Matters discussed in this news release are forward-looking statements and are made pursuant to the Private Securities Litigation Reform Act of 1995. These forward-looking statements reflect assumptions and involve risk and uncertainties, which may affect the Company's business and prospects and cause actual results to differ materially from these forward-looking statements