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Arabian American Development Provides 2008 Mid-Year Update on Key Business Activities

New Transloading Venture Expected to Add \$30 Million of Revenue for 2008 at Current Natural Gasoline Prices

DALLAS, July 17 /PRNewswire-FirstCall/ -- Arabian American Development Co. (Nasdaq: ARSD) today announced a mid-year update on its financial and operational activities.

The Company has entered into a new transloading venture and is now loading railcars with natural gasoline from its pipeline to be used as diluents in the extraction of oil from the oil sands in Alberta, Canada. The customer provides railcars and the Company already had available capacity with its rail-loading facilities so no additional capital outlay was required of Arabian American Development for this venture. The Company will load approximately 40 railcars per month on a one year contract. For fiscal 2008, the Company expects more than \$30 million in incremental revenue at current natural gasoline prices.

The South Hampton facilities expansion has been moving forward and is expected to be completed by mid August 2008. Assuming normal operational start-up performance, additional product for sale should be available by the end of that month. All major infrastructure work is complete including installation of the fractionating towers, heaters, and most of the associated vessels. Pictures of the progression may be seen on the Company website (<http://www.southhamptonrefining.com>). Demand for South Hampton's C5 & C6 products remains strong and deliveries are currently constrained by the production capacity of the current facility. When the expanded facilities come online, the Company still expects to utilize 20-30% capacity immediately. The facilities expansion is expected to double C5 & C6 capacity and these products generate approximately 90% of the Company's revenue. Full utilization of the expansion is expected to double revenue and EBITDA opportunity for the Company over a three to five year period.

In addition to these activities, the Company is providing an update on the lease transfer of the mine to the Al-Masane Al-Kobra Mining Company (ALAK). The Company has responded to all requests for additional information from the Saudi Arabian Ministry of Petroleum and Mineral Resources and currently believes the lease transfer approval is imminent. Formal application for the transfer of the mining lease to ALAK was filed with the Ministry on February 23, 2008 and further information was provided on March 15, 2008. ALAK is the Saudi joint stock company of which the Company owns 50%. The construction of the facility is underway and is expected to take approximately two years to complete. Once the mill is completed it will enable the Company to commence mining operations on its Saudi property at the Al Masane field, and monetize the mineral assets. The company has issued a cash flow analysis of the mine with expectations of over \$80 million in cash flow per year over a ten year period. The Company has made an updated cash flow projection and several

pictures available on its website (<http://www.arabianamericandev.com>). Once the lease transfer is finalized, Arabian American will start the process of filing formal applications for additional leases in surrounding areas where previous core drilling has identified similar mineral attributes with the addition of nickel deposits.

The Company announced that it has signed an expanded credit facility with Bank of America which increased the Company's borrowing availability to \$17 million from \$12 million. The facility provides additional borrowing flexibility which is needed due to the rise in feedstock prices, and the increase in feedstock volume with the expansion of the Company's South Hampton facility and the new transloading venture. To review additional information regarding amendments to the Company's credit facility, please see the Company's current report on Form 8-K, which is available at <http://www.sec.gov>.

Nick Carter, Executive Vice President and Chief Operating Officer of Arabian American and President of South Hampton Resources, commented, "We are confident that our new transloading contract, which will deliver incremental revenue and requires no additional capital expenditures on our part, as well as our anticipated C5 and C6 facility completion, will generate significant revenue increases for us in 2008 and beyond. We now have the necessary financial resources to support our petrochemical expansion and are confident our additional borrowing availability will help build the size and profitability of our organization and help us execute our operational plans. On the mining side, we are eager for the ALAK lease transfer to arrive to formally finalize ALAK but in the meantime we are still able to aggressively move forward to meet our 2010 operational timetable."

About Arabian American Development Company (ARSD)

Arabian American owns and operates a petrochemical facility located in southeast Texas just north of Beaumont, specializing in high purity petrochemical solvents and other solvent type manufacturing. The Company is also the original developer and is now a 50% owner of a joint venture in a mining project in the Al-Masane area of Saudi Arabia which is under construction and is scheduled to be in production in late 2010. The mine will produce economic quantities of zinc, copper, gold, and silver.

Safe Harbor

Statements in this release that are not historical facts are forward looking statements as defined in the Private Securities Litigation Reform Act of 1995. Forward looking statements are based upon Management's belief as well as assumptions made by and information currently available to Management. Because such statements are based upon expectations as to future economic performance and are not statements of fact, actual results may differ from those projected. These risks, as well as others, are discussed in greater detail in Arabian American's filings with the Securities and Exchange Commission, including Arabian American's annual Report on Form 10-K for the year ended December 31, 2007 and the Company's subsequent Quarterly Report Forms 10-Q.

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