

May 7, 2010



Arabian American Announces First Quarter 2010 Financial Results

Revenues Increase by 16.8% to \$32.0 Million Year over Year

DALLAS, May 7 /PRNewswire-FirstCall/ -- Arabian American Development Co. (Nasdaq: ARSD) today announced financial results for the first quarter of 2010 ended March 31, 2010.

Financial Highlights

- Sales volume of petrochemical products for the first quarter of 2010 increased approximately 12.9% compared to the same period in 2009.
- Revenue for the first quarter increased 16.8% to \$32.0 million from \$27.4 million in the same period last year.
- Gross profit for the first quarter of 2010 and the comparable period in 2009 was \$3.7 million and \$9.0 million, respectively.
- Net income attributable to Arabian American Development Company for the first quarter was \$404,000, or \$0.02 per basic and diluted share, compared to net income of \$4.2 million, or \$0.18 per basic and diluted share, for the first quarter last year.

Operational Highlights Subsequent to the Quarter End

- Arabian American signed a five-year \$60 million contract to deliver a specialty hydrocarbon blend to a new customer; the commercial contract, which is the final three years of the five-year contract, is valued at approximately \$60 million, or \$20 million per year, and is based on the current U.S. Dollar, market conditions, anticipated volume requirements and energy costs.

Consolidated revenue for the quarter ended March 31, 2010 increased 16.8% to \$32.0 million compared to revenue of \$27.4 million in the first quarter of 2009 and increased 3.5% sequentially compared to revenue of \$31.0 million in the fourth quarter of 2009. Transloading generated revenues of \$654,000 in the first quarter of 2010 compared to revenues of \$3.4 million in the year-ago period. Transloading sales in the first quarter of 2010 reflected spot opportunities that were fulfilled. The overall decrease in transloading revenues is due to the expiration and non-renewal in April 2009 of a contract with a transloading customer. The non-renewal was primarily due to market conditions that had made the oil sands business less economical for the customer to operate in since the latter part of 2008. Petrochemical product sales (predominantly C5 and C6 hydrocarbons and related products) represented \$30.2 million or 94.5%, of total revenue for the first quarter of 2010 and \$23.1 million, or 84.2% of total revenue, for the first quarter last year. The Company generated \$1.1 million in toll processing fees during the first quarter of 2010 compared with \$0.9 million for the prior

year's first quarter. Processing revenues increased in the first quarter of 2010 compared to 2009 primarily due to one of the tolling customers running above minimum capacity during the quarter. The Company remains dedicated to maintaining a certain level of toll processing business in the facility and continues to pursue additional opportunities.

During the first quarter of 2010, the cost of petrochemical sales and processing (including depreciation) increased approximately \$9.8 million or 53.3% as compared to the same period in 2009. Consequently, total gross profit on revenue for the first quarter of 2010 decreased approximately \$5.2 million or 58.4% as compared to the same period in 2009.

The cost of petrochemical product sales and processing and gross profit for the three months ended March 31, 2010 includes a net gain of \$577,000. For the same period of 2009, the net gain was \$507,000.

Nick Carter, President and Chief Executive Officer, commented, "Petrochemical product sales increased by approximately 31.0% in the first quarter of 2010 from the first quarter of 2009 due to an increase in the average selling price of approximately 16.1% and an increase in volume of approximately 12.9% reflecting continued demand for our petrochemical products that transcends the ongoing global economic weakness. This demand is also reflected in our recent announcement of a five-year, \$60 million contract with a new customer for a specialty hydrocarbon blend that we are currently working on with them at their testing facility. The challenge to all of us in the petrochemical market remains the volatility of feedstocks and the demand for our products. We have a good game plan going forward to manage our costs and to expand our marketing efforts which we believe will lead to stabilized margins and increased sales volumes as we move forward through 2010."

General and Administrative costs for the first quarter of 2010 increased 27.3% to \$2.6 million from \$2.1 million in the same period last year primarily due to higher administrative payroll costs, officer compensation, post retirement benefits, insurance premiums, directors' fees, and legal fees. Additional export marketing efforts, as well as, the high degree of activity in the joint venture increased travel expense by 63.6% over the same period of 2009.

The Company reported net income attributable to Arabian American Development Company in the first quarter of 2010 of approximately \$404,000 or \$0.02 per basic and diluted share (based on 23.7 million weighted average number of shares outstanding). This compares to net income attributable to Arabian American Development Company of \$4.2 million, or \$0.18 per basic and diluted share for first quarter of 2009 (based on 23.7 million weighted average number of shares outstanding).

The Company reported EBITDA for the first quarter of 2010 of approximately \$1.7 million down from \$7.4 million for the same period in 2009. The first quarter of 2010 was essentially flat with the \$1.9 million reported in the fourth quarter of 2009. The Company expects improvement going forward due to the move to formula pricing to several of its larger customers, to the feedstock hedging program which has been re-instituted to combat price volatility and to timely price changes on its prime products.

The Company completed the quarter with \$2.8 million in cash and cash equivalents compared to \$2.5 million as of December 31, 2009. Trade receivables increased by \$1.1 million to \$13.4 million due to increased credit terms being extended to foreign customers and the increase in the average selling price. The average collection period remains normal

for the business. Inventory decreased approximately \$100,000 due to a decrease in volume offset by an increase in price..

The Company had \$19.6 million in working capital as of March 31, 2010 and ended the quarter with a current ratio of 3.4 to 1. Arabian American Development Company Shareholders' equity increased to \$53.0 million as of March 31, 2010 from \$52.2 million as of December 31, 2009.

Mr. Carter continued, "The Al Masane Al Kobra (AMAK) joint venture continued to show good progress in the first quarter of 2010. We are in the final stages of securing the remainder of the financing from the Saudi Economic Development Fund and also with a private bank in Saudi Arabia. In addition, as soon as funding commences, AMAK will sign an agreement with a contractor who will complete the necessary underground work to make the mine operational. We still expect production to begin in late 2010 or the first half of 2011.

Mr. Carter concluded, "We will be conducting a conference call to discuss our first quarter 2010 financial and operational results but due to corporate commitments we have not yet finalized the date for this activity. It will, however, be prior to May 16, 2010, and we will disclose the date and time in a separate announcement with teleconference and webcast information."

About Arabian American Development Company (ARSD)

ARSD owns and operates a petrochemical facility located in southeast Texas just north of Beaumont which specializes in high purity petrochemical solvents and other solvent type manufacturing. The Company is also the original developer and now a 41% investor in a Saudi Arabian joint stock company involving a mining project in the Al-Masane area of Saudi Arabia which is currently under construction. The mine is scheduled to be in production in late 2010 or early 2011 and 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, 2009, and the Company's subsequent Quarterly Reports on Form 10-Q.

Company Contact: Nick Carter, President and Chief Executive Officer

(409) 385-8300

ncarter@southhamptonr.com

Investor Contact: Cameron Donahue

Hayden IR

(651) 653-1854

Cameron@haydenir.com

- Tables follow -

ARABIAN AMERICAN DEVELOPMENT COMPANY AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

	MARCH 31,	DECEMBER 31,
	2010	2009
	(unaudited)	
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 2,755,484	\$ 2,451,614
Trade Receivables, net of allowance for doubtful accounts of \$126,500 and \$126,500, respectively	13,377,959	12,302,955
Current portion of notes receivable, net of discount of \$9,276 and \$16,109, respectively	278,078	372,387
Prepaid expenses and other assets	782,173	739,989
Financial contracts	630,995	-
Inventories	4,969,558	5,065,169
Deferred income taxes	726,556	640,057
Taxes receivable	4,357,373	4,726,708
Total current assets	27,878,176	26,298,879
Property, Pipeline and Equipment	50,722,211	50,082,441
Less: Accumulated Depreciation	(18,514,246)	(17,674,938)
Net Property, Pipeline and Equipment	32,207,965	32,407,503

Investment in AMAK	31,146,157	31,146,157
Mineral Properties in the United States	588,311	588,311
Notes Receivable, net of discount of \$134 and \$684, respectively, net of current portion	14,140	35,001
Other Assets	10,938	10,938
TOTAL ASSETS	\$ 91,845,687	\$ 90,486,789

LIABILITIES

Current Liabilities

Accounts payable	\$ 3,756,148	\$ 3,617,043
Accrued interest	148,986	148,538
Current portion of derivative instruments	433,012	436,203
Accrued liabilities	1,390,510	1,336,219
Accrued liabilities in Saudi Arabia	628,242	471,280
Notes payable	12,000	12,000
Current portion of post retirement benefit	31,500	31,500
Current portion of long-term debt	1,400,000	1,400,000
Current portion of other liabilities	462,680	579,500
Total current liabilities	8,263,078	8,032,283

Long-Term Debt, net of current portion	24,089,488	23,439,488
Post Retirement Benefit, net of current portion	740,431	815,378
Derivative instruments, net of current portion	604,691	838,489
Other Liabilities, net of current portion	519,066	562,011
Deferred Income Taxes	4,356,100	4,332,911
Total liabilities	38,572,854	38,020,560

EQUITY

Common Stock-authorized 40,000,000 shares of \$.10 par value; issued and outstanding,

23,450,745 and 23,433,995 shares in 2010 and 2009, respectively	2,345,074	2,343,399
Additional Paid-in Capital	41,848,698	41,604,168
Accumulated Other Comprehensive Loss	(684,884)	(841,297)
Retained Earnings	9,474,722	9,070,736
Total Arabian American Development Company Stockholders' Equity	52,983,610	52,177,006
Noncontrolling Interest	289,223	289,223
Total equity	53,272,833	52,466,229
 TOTAL LIABILITIES AND EQUITY	 \$ 91,845,687	 \$ 90,486,789

ARABIAN AMERICAN DEVELOPMENT COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

	THREE MONTHS ENDED	
	MARCH 31	
	2010	2009
	(unaudited)	
REVENUES		
Petrochemical Product Sales	\$ 30,230,944	\$ 23,073,837
Transloading Sales	654,204	3,419,056
Processing Fees	1,109,627	904,155
	31,994,775	27,397,048
OPERATING COSTS AND EXPENSES		
Cost of Petrochemical Product		
Sales and Processing (including		

depreciation of \$569,180 and \$552,564, respectively)	28,268,692	18,434,822
GROSS PROFIT	3,726,083	8,962,226
GENERAL AND ADMINISTRATIVE EXPENSES		
General and Administrative	2,627,367	2,064,336
Depreciation	110,363	114,589
	2,737,730	2,178,925
OPERATING INCOME	988,353	6,783,301
OTHER INCOME (EXPENSE)		
Interest Income	7,420	25,717
Interest Expense	(323,996)	(308,676)
Miscellaneous Income (Expense)	(12,031)	(66,542)
	(328,607)	(349,501)
INCOME BEFORE INCOME TAXES	659,746	6,433,800
INCOME TAXES	255,760	2,262,860
NET INCOME	\$ 403,986	\$ 4,170,940
NET LOSS ATTRIBUTABLE TO		
NONCONTROLLING INTEREST	-	1,875
NET INCOME ATTRIBUTABLE TO ARABIAN		
AMERICAN DEVELOPMENT COMPANY	\$ 403,986	\$4,172,815

Basic Earnings per Common Share

Net Income attributable to Arabian		
American Development Company	\$ 0.02	\$ 0.18
Basic Weighted Average Number		
of Common Shares Outstanding	23,745,721	23,721,995
Diluted Earnings per Common Share		
Net Income attributable to Arabian		
American Development Company	\$ 0.02	\$ 0.18
Diluted Weighted Average Number		
of Common Shares Outstanding	23,745,721	23,721,995

SOURCE Arabian American Development Co.