

# Arabian American Development Receives Bridge Loan for Saudi Mine Development and Provides Update on Isomerization Unit Construction

## Total Bridge Loan is \$85 Million; AMAK Has Received an Initial \$35 Million to Utilize While Pre-Closing Conditions for Permanent Financing are Being Met

DALLAS, Sept. 16 /PRNewswire-FirstCall/ -- Arabian American Development Co. (Nasdaq: ARSD) today provided an update on activities at the Al Masane Al Kobra (AMAK) mine in Saudi Arabia, of which it is a 41% equity owner, as well as progress on the completion of its Isomerization unit that is being built at its South Hampton Resources facility.

### AMAK Status Update:

- AMAK has received an initial tranche of \$35 million from a total bridge loan in the amount of \$85 million. AMAK has completed financing arrangements to fund the \$85 million with a Saudi French bank while pre-closing conditions for the SIDF (Saudi Industrial Development Fund) permanent loan are being met. The second amount, \$46 million, can be drawn after AMAK receives clearance for the first payment from the SIDF. The SIDF loan is signed and documentation is being completed which satisfies the bridge lender that negotiations for the permanent financing are close to completion.
- AMAK signed a five-year contract for the underground development and production work at the mine, valued at \$125 million over the five-year period. CMG, the contractor on the construction of the surface facilities, won the bid and will begin mobilization at the end of September of 2010.
- Mobilization will be completed and construction of the ventilation air raises will begin by the end of 2010. Construction will take approximately 90 days. Ore will then be produced starting at low levels as development of the shafts and stopes is undertaken.
- The contract calls for full capacity production at the 700,000 ton annual rate by the fourth quarter of 2011. (Underground mining projects typically have more waste material to move in the early stages of development which declines as the shafts reach the main production levels.)
- The mill is approximately 90% complete and test runs of ore will take place in the second quarter of 2011 as underground construction activities move forward.
- Separately, AMAK has issued purchase orders for U.S. manufactured Caterpillar scoops and articulated trucks for the underground work, in addition to Caterpillar generator equipment for powering the activities. Due to the remote location of the mine, Caterpillar's reliability and service was judged to be superior to that available from other vendors competing for this business. These capital equipment purchase orders are not included in the \$125 million contract.

## **Isomerization Unit Update:**

- Construction of the Company's South Hampton Resources facility isomerization unit, which will be used to convert Normal Pentane into Isopentane, is near completion and will give the Company more flexibility in managing its product line. South Hampton has initiated start up procedures with normal operations expected to be achieved within a week. The Company will conduct trial runs and testing for a short period of time with monetization beginning after trials and testing are complete. The isomerization expansion will allow South Hampton to convert up to 600,000 gallons per month of Normal Pentane into Isopentane.
- South Hampton is also adding an additional Hexane treater to finalize expansion of C6 products and expects this to be operational in six weeks. The additional train will increase C6 capacity by 50% and will cost approximately \$1.0 million.
- The units being added were planned as part of the 2008 major expansion but were delayed until the volume of sales demanded capacity in these areas.

Nick Carter, President and Chief Executive Officer of Arabian American Development, commented, "We are pleased that we have secured the bridge loan from the Saudi French bank as we await the finalization of the SIDF permanent financing. We continue to see progress towards the goal of monetizing this asset and with full funding now identified, we believe that progress will be made and time tables can be met with a greater degree of certainty than we have seen in the past. Having money in the bank solves a lot of the issues which have slowed the project over the last couple of years. Our Saudi partners have shown a lot of perseverance in taking the project to the point where operations are finally within sight."

Mr. Carter continued, "The completion of the isomerization unit is on schedule and will give us another tool to use in the management of our product slate to keep our margins more consistently within our target range. The additional train for the C6 production will also add flexibility in a market that we have seen grow stronger over the first half of 2010. The initial plan upon completion of this unit, will be to shut in the older C6 unit and spend a little time updating and remodeling to ensure it performs at modern standards for safety and efficiency."

Mr. Carter concluded, "These two additions were not done in the original 2008 expansion as they were not needed until the volume process reached a specific level which we are now approaching. ARSD is currently running at 4,500 barrels/day up from approximately 3,500 barrels/day earlier in the year. Both the Isomerization and C6 expansions are being funded through operating cash flow and the Pipe arrangement previously contemplated will not be needed."

## **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](mailto:ncarter@southhamptonr.com)

Investor Contact: Cameron Donahue

Hayden IR

(651) 653-1854

[Cameron@haydenir.com](mailto:Cameron@haydenir.com)

SOURCE Arabian American Development Co.