

December 23, 2008



Arabian American Development Announces Planned Retirement of CEO Hatem El-Khalidi Effective June 30, 2009; Nicholas Carter Will Be Named to Succeed El-Khalidi as President and CEO

Company Provides Additional Status Update for Saudi Mining Operations and other Corporate Activities

DALLAS, Dec. 23 /PRNewswire-FirstCall/ -- Arabian American Development Co. (Nasdaq: ARSD) today announced several corporate actions approved at the Company's Board of Directors meeting on December 18, 2008. The items include the planned retirement of its current President, CEO and Director, Hatem El-Khalidi on June 30, 2009. Nicholas Carter was named to be the successor to the position of President and CEO, on the effective date of Mr. El-Khalidi's retirement. The Company also announced other updates, including those related to the Al-Masane Al-Kobra (AMAK) mining operations in Saudi Arabia.

Mr. Hatem El-Khalidi, 82, has been Chief Executive Officer of the Company since February 1994 and President of the Company since 1975; prior to 1975, he was a Vice President of the Company. Mr. El-Khalidi is an American citizen and holds a MSc. Degree in Geology from Michigan State University and is a consultant in oil & mineral exploration. Mr. El-Khalidi discovered the Al-Masane deposits and it was under his direct efforts and supervision that they were subsequently financed and developed by the Company. During the next six months, Mr. El-Khalidi will finalize Arabian American affairs in the Kingdom of Saudi Arabia and he will return to the US in the latter part of 2009. He will remain on the Board of AMAK representing the Company's interests in the Kingdom. While agreeing with Mr. El-Khalidi on a retirement date, the Board acknowledged his 40 years of exemplary service to the Company and his astounding perseverance in working toward getting the mining project established to the benefit of the shareholders.

It was Hatem El-Khalidi, who in conjunction with Jack Crichton, the recently deceased Chairman, founded the Company as Arabian Shield Development Co. in 1967. He had discovered geologic evidence of the substantial mineral reserves on a visit to the Al-Masane area of Saudi Arabia in 1964. With the assistance of Preston Peak, the Vice Chairman of Dorchester Gas in Dallas, the Company was formed as a subsidiary and was later spun off as an independent entity. The name was changed to Arabian American Development Co. in 2000 at the suggestion of Mr. El-Khalidi.

Mr. Carter has been Executive Vice President and Chief Operating Office of Arabian American Development Company and South Hampton Resources since January 2008. Prior to that, he was Secretary/Treasurer of the Company since October 1, 2004. Mr. Carter has worked for South Hampton Resources since 1977. Mr. Carter has been President of SHR

since 1987, prior to which time he served as Treasurer and Controller. Mr. Carter is a graduate of Lamar University with a BBA Degree in Accounting and is a Certified Public Accountant.

Mr. El-Khalidi commented, "I am gratified by the progress that is being made at the AMAK mine and look forward to continuing my involvement on the joint venture's Board of Directors. I have every confidence that Nick is the right person to guide the Company going forward and know that the best interest of the shareholders is always his first priority.

Mr. Carter commented, "Hatem has ably guided the Company and the development of the AMAC joint venture. His dedication to seeing the project come to fruition has helped him overcome innumerable difficult hurdles over the years, and the Company owes him a debt of gratitude for his perseverance and performance. We are now focused on bringing the mine into production in 2010 and reaping the financial benefits of the work that has been done thus far. The change from being a mining development company to being an investor in an operating mining company will require us to re-think our organization and how we move forward to maximize the return for our shareholders. I am honored that the Board of Directors has placed its trust in me to continue directing the Company activities."

In other action, the Nominating Committee of the ARSD Board of Directors has been charged with proposing desired qualifications to be approved by the Board and reviewing candidates with the goal of appointing an additional Board member and/or Chairman by the next annual shareholder meeting, which will be in late May or June of 2009.

The Board also announced that in view of the 2008 financial performance of the Company, no executive bonuses would be given nor would any stock grants be awarded to executives or Board members for 2008. The Board also voted unanimously to forgo any cash compensation due themselves for 2008 activities. Depending upon committee assignments and attendance, Board members normally receive between \$15,000 and \$20,000 per year for their work with the Company. The Board approved the granting of stock options of 7000 shares each to Board members for 2008, which will be granted on January 2, 2009. The Company has scheduled its next Board meeting in late March 2009 in Jeddah, Saudi Arabia.

The Company also provided the following updates on the Al-Masane Al-Kobra mining operations:

- Documentation of the mining assets is currently being turned over to the AMAK joint venture.
- All Arabian American employees currently located in the Kingdom will be released by January 31, 2009 and all separation payments will be paid at that time. Employees will be terminated from Arabian American and then may be re-hired as appropriate with AMAK. Many may choose to retire as most are long term employees who have provided mine site security and maintenance over the years and are near retirement age.
- A spokesperson familiar with the Saudi activities of AMAK will be made available on the investor conference calls going forward.

The Company also reiterated that negotiations with a major shareholder to provide "Safety Net" financing has been put on hold. The Company's confidence is growing that it will not need the additional support and it continues to have discussions with Bank of America concerning any additional need for working capital in the event oil prices rise dramatically or volume climbs as anticipated. The current liquidity position will also allow the Company to

pay the above mentioned retirement obligations due its Saudi employees which total approximately \$900,000. These obligations will be paid as the employees are released. On November 25, 2008, the Company announced its agreement to transfer the mining assets to the joint venture under the conditions suggested by the Ministry.

The Company anticipates holding a conference call in mid-January 2009 to update investors about business activities and other corporate developments. An AMAK update will be provided at that time.

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 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.

SOURCE Arabian American Development Co.