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Arabian American Announces AMAK's Application for Four Additional Mining Areas

AMAK Also Submits Exploration Plan to Secure Final Approval

DALLAS, Jan. 27, 2011 /PRNewswire/ -- Arabian American Development Co. (Nasdaq: ARSD) announced today that AMAK, the joint stock company in Saudi Arabia which is 41% owned by ARSD, has applied for four additional leases surrounding the Al Masane area (Najran province) in southwestern Saudi Arabia. AMAK submitted the lease applications in the surrounding areas targeting mineral deposits that they believe are prime zinc, copper, nickel, gold and silver deposits. The Ministry of Petroleum and Minerals' initial response was positive conditioned upon the submittal of a detailed exploration plan. The prospects in question were part of the previous exploration of the region which was undertaken in the late 1980's when approximately \$3.0 million was spent by ARSD in research and core drilling.

The four areas of application include:

1. West Gayan, which is approximately 41 km² (25.5 sq. miles) and borders the current lease area to the north and east sides;
2. Gayan, which is approximately 80.5 km² (50 sq. miles) and is just to the east of the current lease site. Gayan contains a 9.0 km² (5.6 sq. mile) area called Jabal Gayan which is primarily a gold prospect identified by the shallow ancient mine gold production and previous core drillings. AMAK currently has the exploitation license for the specific Jabal Gayan area;
3. East Gayan, which is approximately 100 km² (62 sq. miles) and lies east of #2 area; and
4. Wadi Gattan, which is approximately 73 km² (45.4 sq. miles) and approximately 30 km (18.6 miles) to the east of the current site. The Wadi Gattan area is identified as a potential nickel deposit area.

The proposed geological exploration and mapping program has been submitted to the Ministry to secure final approval of the leases and is expected to cost approximately \$3.5 million and take about 18 months to accomplish, absent any delays. At the end of the first phase, select areas will be chosen for further detailed exploration and mapping of reserves which is expected to take approximately six additional months. AMAK is currently finalizing the expected cost for the detailed exploration and mapping of reserves.

Mr. Carter commented, "This announcement reflects the positive steps we are taking to monetize our assets in the region as we continue to be encouraged by the escalating mineral prices representing our proven reserves. The current AMAK mine is expected to be operational by the middle of 2011, ramping up to full production by the end of 2011. The mill is approximately 95% complete, and test runs of ore will take place in the second quarter of

2011 as underground construction activities move forward."

Mr. Carter continued, "Related to the exploration licenses, a delegation of various entities who must sign off on the licenses, recently made a trip to the area to view the property.

They included representatives of the Office of the Deputy Minister of Mineral Resources, the Agricultural Ministry, the Ministry of Tourism, and a Water and Electric Resources' representative, among others, and we are very encouraged by their extensive due diligence."

Mr. Carter concluded, "Due to the close proximity of the additional lease areas to our current mill, we expect the new regions to use the existing AMAK mill when production begins at those locations in the future. Additionally, in these areas we will be investigating the feasibility of open pit mining operations which has the possibility of reducing the capital required to exploit the mineral resources."

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 which is currently under construction in the Najran Province area of southwest Saudi Arabia. The mine is scheduled to be in production in 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.

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