

May 3, 2012



Arabian American Announces First Quarter 2012 Financial Results

Record First Quarter Revenues Increase by 68% to \$56.8 Million Year over Year;

Quarterly Net Income Increases 758% to \$2.2 Million Year over Year

Quarterly EBITDA Increases 196% to \$4.4 Million Year over Year

SUGAR LAND, Texas, May 3, 2012 /PRNewswire/ -- Arabian American Development Co. (NYSE: ARSD) today announced financial results for the first quarter ended March 31, 2012.

First Quarter Highlights

- Record first quarter revenue increased 68.3% year over year
- Gross profit for the first quarter was \$6.7 million
- EBITDA, a non-GAAP financial measure, for the first quarter increased 196% to \$4.4 million
- Net income attributable to ARSD for the first quarter was up 758% to \$2.2 million, or \$0.09 per basic and diluted share
- Received approval for listing on the NYSE; began trading under the same symbol 'ARSD' on April 2, 2012
- Rang the NYSE closing bell on April 10, 2012

Al Masane Al Kobra Mine Update

- AMAK's ore processing mill has produced approximately 4250 dry metric tons of zinc and copper concentrate to date.

First Quarter 2012 Financial Results

Gross revenue for the first quarter increased 68.3% to \$56.8 million from \$33.8 million in the same period last year. Revenue increased during the first quarter of 2012 from 2011 due to an increase in average selling price of 3.1% and volume of 65.1%. Petrochemical product sales (predominantly C5 and C6 hydrocarbons and related products) represented \$55.8 million, or 98.3%, of total revenue for the first quarter of 2012 and \$32.8 million, or 97.1%, of total revenue, for the first quarter last year. Petrochemical product sales increased by 70.3% from the first quarter of 2011 to the first quarter of 2012. International petrochemical sales for the quarter were \$14.7 million, up 171% compared to \$5.4 million in the year-ago period. The Company reported an essentially flat \$1.0 million in toll processing fees during the first quarter of 2012 and 2011.

During the first quarter of 2012, the cost of petrochemical sales and processing (including

depreciation) increased approximately \$19.6 million, or 64.3%, to \$50.1 million as compared to \$30.5 million in the same period in 2011 due to higher feedstock prices, higher volume processed, and increased freight charges. Average feedstock price per gallon increased 9.1% from 2011 to 2012 while volume processed increased 55.6%. Gross profit on revenue for the first quarter of 2012 increased approximately \$3.4 million, or 104%, to \$6.7 million as compared to \$3.3 million in the same period in 2011. The cost of petrochemical product sales and processing and gross profit for the three months ended March 31, 2012 includes a net gain of approximately \$823,000 from financial contract transactions. For the same period of 2011, there was a net gain of approximately \$244,000.

Margins in the first quarter were negatively impacted by a 3% increase over the fourth quarter's average processed feedstock cost. The hedge position and resulting gain partially offset the rise in feed cost by 65.7%. Additionally, deferred sales revenue increased \$1.4 million from the end of the year to the end of the first quarter but freight costs associated with those sales were included in first quarter expenses. Toll processing revenue was down from fourth quarter because a primary customer was having difficulty with feedstock availability due to a supplier maintenance shutdown. This has since been rectified and we expect an increase in volume from this customer in the second quarter. While tolling revenue makes up a small percentage of overall revenue, gross margins are higher than our other petrochemical products because incremental costs are lower. Assuming feedstock stability, and the normal seasonal influences, the Company expects margins going forward to return to the levels seen in the prior two quarters

Nick Carter, President and Chief Executive Officer, commented, "The strong momentum we experienced in the second half of 2011 carried into first quarter 2012 and revenue gains reflect our increased volume levels as well as a slight increase in feedstock prices. Our South Hampton facility was at 77% capacity during the fourth quarter of 2011 and averaged 74% in the first quarter of 2012. In April we performed capacity tests to ensure we are ready for the expected seasonal demand increases which normally comes with warmer weather. We are pursuing indepth studies to determine how to meet future demand issues. Future opportunities may include upgrading the current facility, constructing a separate facility further north near the growing Canadian markets, or building a Middle Eastern facility near the world scale growth of the petrochemical business. "

Mr. Carter continued, "The AMAK mining and ore processing operation has moved further into commercialization and is now completing the first six months of operations which is considered a typical start-up period. The AMAK staff continues to make progress and the ore processing mill restarted in early March after being shut down in February for correction of a list of start-up issues. Metal concentrates are being trucked to the Port of Jizan and are being stored there until sufficient quantities to fill a cargo ship hold are accumulated. We currently have produced about 1850 dry metric tons of copper concentrate and about 2400 dry metric tons of zinc concentrate. While the mill continues to have some day to day reliability issues, the typical daily operation is about 90% of capacity. The first sales and shipments of product are expected in late June and early July.

General and Administrative costs for the first quarter of 2012 increased \$479,000, or 19.1%, to \$3.0 million from \$2.5 million in the same period last year primarily due to increases in officer and administrative compensation; travel expense; group health, credit, and property insurance premiums; investor relations' expenses; accounting fees and administrative

expenses in Saudi Arabia. On a sequential basis, General and Administrative costs decreased 21.9% from the fourth quarter of 2011.

The Company reported net income attributable to Arabian American Development Company in the first quarter of 2012 of approximately \$2.2 million or \$0.09 per basic and diluted share (based on 24.0 million basic and 25.0 million diluted weighted average shares outstanding, respectively). This compares to net income attributable to Arabian American Development Company of approximately \$257,000, or \$0.01 per basic and diluted share for the first quarter of 2011 (based on 24.0 million basic and 24.7 million diluted weighted average shares outstanding, respectively).

The Company reported EBITDA for the first quarter of 2012 up 196% to approximately \$4.4 million compared to \$1.5 million for the same period in 2011.

The Company completed the quarter with \$5.6 million in cash and cash equivalents compared to \$6.7 million as of December 31, 2011. The Company generated \$3.0 million in cash flow from operations during the quarter but total cash was down due to payment of \$2.35 million of debt and \$1.8 million in capital expenditures including costs related to the first phase of our pipeline project to our rail facility. Trade receivables were \$23.1 million compared to \$23.2 million at December 31, 2011. The average collection period remains normal for the business. Inventory increased approximately \$1.1 million (due to an 8.9% increase in volume and a 7.8% increase in cost per gallon). Foreign sales are recorded in inventory until their arrival at the customer's gate.

The Company had \$29.3 million in working capital compared to \$29.7 million in working capital as of December 31, 2011, and ended the quarter with a current ratio of 3.3 to 1. Shareholders' equity increased to \$68.6 million as of March 31, 2012, from \$66.0 million as of December 31, 2011.

Mr. Carter concluded, "Our stock began trading on the New York Stock Exchange on April 2 and we rang the closing bell on the stock exchange floor on April 10. These events were a thrill but more importantly we see this as a win for our stockholders. Trading on the premier stock market in the world has added visibility and greater liquidity to our stock and made it accessible to a larger group of investors."

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 37% owner of AMAK, a Saudi Arabian joint stock mining company.

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, 2011, and the Company's subsequent Quarterly Reports on Form 10-Q.

- Tables follow -

ARABIAN AMERICAN DEVELOPMENT COMPANY AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	MARCH 31, 2012 (unaudited)	DECEMBER 31, 2011 (thousands of dollars)
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 5,633	\$ 6,674
Financial contracts	925	393
Trade receivables, net	23,067	23,198
Inventories	10,528	9,456
Prepaid expenses and other assets	890	681
Current portion of contractual based intangible assets, net	250	251
Deferred income taxes	<u>966</u>	<u>1,169</u>
Total current assets	42,259	41,822
Plant, pipeline and equipment, net	37,629	36,952
Investment in AMAK	30,884	30,884
Mineral properties in the United States	588	588
Contractual based intangible asset, net	292	355
Other assets	<u>11</u>	<u>11</u>
TOTAL ASSETS	<u>\$ 111,663</u>	<u>\$ 110,612</u>
LIABILITIES		
Current Liabilities		
Accounts payable	\$ 7,090	\$ 5,857
Accrued interest	116	116
Current portion of derivative instruments	336	345
Accrued liabilities	2,623	2,956
Accrued liabilities in Saudi Arabia	140	140
Current portion of post-retirement benefit	261	258
Current portion of long-term debt	1,500	1,500
Current portion of other liabilities	<u>932</u>	<u>937</u>
Total current liabilities	12,998	12,109
Long-term debt, net of current portion	20,389	22,739
Post-retirement benefit, net of current portion	649	649
Derivative instruments, net of current portion	688	789
Other liabilities, net of current portion	1,143	1,071
Deferred income taxes	<u>6,956</u>	<u>7,016</u>
Total liabilities	<u>42,823</u>	<u>44,373</u>
EQUITY		
Common stock - authorized 40 million shares of \$.10 par value; issued and outstanding 23,776 million and 23,731 million shares in 2012 and 2011, respectively	2,378	2,373
Additional paid-in capital	44,455	44,138
Accumulated other comprehensive loss	(677)	(748)
Retained earnings	<u>22,395</u>	<u>20,187</u>
Total Arabian American Development Company Stockholders' Equity	68,551	65,950
Noncontrolling Interest	<u>289</u>	<u>289</u>
Total equity	<u>68,840</u>	<u>66,239</u>
TOTAL LIABILITIES AND EQUITY	<u>\$ 111,663</u>	<u>\$ 110,612</u>

ARABIAN AMERICAN DEVELOPMENT COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

	THREE MONTHS ENDED	
	MARCH 31	
	<u>2012</u>	<u>2011</u>
	<i>(thousands of dollars)</i>	
REVENUES		
Petrochemical Product Sales	\$ 55,829	\$ 32,783
Processing Fees	<u>966</u>	<u>973</u>
	56,795	33,756
OPERATING COSTS AND EXPENSES		
Cost of Sales and Processing (including depreciation of \$724 and \$672, respectively)	<u>50,077</u>	<u>30,464</u>
GROSS PROFIT	6,718	3,292
GENERAL AND ADMINISTRATIVE EXPENSES		
General and Administrative	2,987	2,508
Depreciation	<u>124</u>	<u>112</u>
	<u>3,111</u>	<u>2,620</u>
OPERATING INCOME	3,607	672
OTHER INCOME (EXPENSE)		
Interest Income	--	1
Interest Expense	(165)	(166)
Losses on Cash Flow Hedge Reclassified from OCI	(94)	(107)
Miscellaneous Income (Expense)	<u>(73)</u>	<u>26</u>
	<u>(332)</u>	<u>(246)</u>
INCOME BEFORE INCOME TAXES	3,275	426
INCOME TAXES	<u>1,067</u>	<u>169</u>
NET INCOME	2,208	257
NET LOSS ATTRIBUTABLE TO NONCONTROLLING INTEREST	=	=
NET INCOME ATTRIBUTABLE TO ARABIAN AMERICAN DEVELOPMENT COMPANY	<u>\$ 2,208</u>	<u>\$ 257</u>
Basic Earnings per Common Share		
Net Income Attributable to Arabian American Development Company (dollars)	\$ 0.09	\$ 0.01
Basic Weighted Average Number of Common Shares Outstanding	<u>24,043</u>	<u>23,988</u>
Diluted Earnings per Common Share		
Net Income Attributable to Arabian American Development Company (dollars)	\$ 0.09	\$ 0.01
Diluted Weighted Average Number of Common Shares Outstanding	<u>24,977</u>	<u>24,716</u>

ARABIAN AMERICAN DEVELOPMENT COMPANY AND SUBSIDIARIES
RECONCILIATION OF SELECTED GAAP MEASURES TO NON-GAAP MEASURES(1)

	THREE MONTHS ENDED	
	March 31,	
	<u>2012</u>	<u>2011</u>
	<i>(in thousands)</i>	
NET INCOME	\$ 2,208	\$ 257
Add back:		
Interest	259	272
Taxes	1,067	169
Depreciation	124	112
Depreciation in Cost of sales	724	672
EBITDA	<u>\$ 4,382</u>	<u>\$ 1,482</u>

	<u>3/31/12</u> (in thousands except ratio)
Current assets	\$ 42,259
Current liabilities	12,998
Working capital (current assets less current liabilities)	<u>\$ 29,261</u>
Current ratio (current assets divided by current liabilities)	<u>3.3</u>

(1) This press release includes non-GAAP measures. Our non-GAAP measures are not meant to be considered in isolation or as a substitute for comparable GAAP measures and should be read only in conjunction with our consolidated financial statements prepared in accordance with GAAP.

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