

May 5, 2011



Arabian American Announces First Quarter 2011 Financial Results

Quarterly Revenues Increase by 5.5% to \$33.8 Million Year over Year

SUGAR LAND, Texas , May 5, 2011 /PRNewswire/ -- Arabian American Development Co. (Nasdaq: ARSD) today announced financial results for the first quarter ended March 31, 2011.

First Quarter 2011 Highlights

- Revenue for the first quarter increased 5.5% to \$33.8 million from \$32.0 million in the same period last year.
- Gross profit for the first quarter of 2011 was \$3.3 million compared to \$3.7 million in the comparable period in 2010.
- EBITDA, a non-GAAP financial measure, for the first quarter of 2011 was \$1.5 million as compared to \$1.7 million for the same period in 2010.
- Net income attributable to Arabian American Development Company for the first quarter was \$257,000, or \$0.01 per basic and diluted share, compared to net income of \$404,000, or \$0.02 per basic and diluted share, for the first quarter last year.
- John R. Townsend was appointed to the Board of Directors on February 24, 2011. He will serve as Chair of the Audit Committee and as a member of the Compensation Committee. Mr. Townsend has 33 years of experience in the Petrochemicals Industry including over 20 years experience as a Plant Manager in olefins, aromatics, paraxylene, polystyrene, synthetic lubricants and catalyst plants.

Al Masane Al Kobra (AMAK) Mine Update

- The Al Masane Al Kobra (AMAK) Board of Directors is investigating raising additional capital from third-party investors for the AMAK mine construction activities, as well as, the surrounding lease areas for which AMAK has conditional lease approval. In conjunction with these discussions, AMAK shareholders, at a special shareholders' meeting, unanimously approved to increase the number of shares in the AMAK joint stock company from 45 million to 50 million. Shareholders also approved a proposal to increase the number of board seats from eight to nine.
- The AMAK mine start date is expected to be late 2011 to first quarter 2012 due to delays in equipment delivery and slower than anticipated underground work.

First Quarter 2011 Financial Results

Consolidated revenue for the quarter ended March 31, 2011, increased 5.5% to \$33.8 million

compared to revenue of \$32.0 million in the first quarter of 2010. Petrochemical product sales (predominantly C5 and C6 hydrocarbons and related products) represented \$32.8 million, or 97.1%, of total revenue for the first quarter of 2011 and \$30.2 million, or 94.5%, of total revenue, for the first quarter last year. The Company reported \$973,000 in toll processing fees, down 12.3% during the first quarter of 2011 compared with \$1.1 million for the prior year's first quarter primarily due to one of the tolling customers running approximately 21.1% slower during the first quarter of 2011.

During the first quarter of 2011, the cost of petrochemical product sales and processing (including depreciation) increased approximately \$2.2 million, or 7.8%, to \$30.5 million as compared to \$28.3 million in the same period in 2010 primarily due to the higher cost of feedstock. Total gross profit on revenue for the first quarter of 2011 decreased approximately \$434,000, or 11.7%, to \$3.3 million as compared to \$3.7 million the same period in 2010. The cost of petrochemical product sales and processing and gross profit for the three months ended March 31, 2011 includes a net gain of approximately \$244,000 from derivative transactions. For the same period of 2010, there was a \$577,000 net gain.

Nick Carter, President and Chief Executive Officer, commented, "Our quarterly revenue results show modest gains from the year-ago period. Gross profit decreased as the cost of feedstock increased. The market continues to be volatile so the use of derivative contracts helps to provide some predictability for feedstock prices. As of the end of the first quarter of 2011, approximately 20% of anticipated feedstock needs for the coming three months were covered by derivative contracts. In addition, in 2010, the Company adopted a strategy of moving its larger volume customers to formula based pricing to reduce the effect of feedstock cost volatility, and this strategy is paying off. Even though the cost of feedstock has risen over 15% since the first of the quarter, and 35% since the first quarter of 2010, we have been able to maintain positive earnings and EBIDTA."

General and Administrative costs for the first quarter of 2011 were down \$119,000, or 4.5%, at \$2.5 million from \$2.6 million in the same period last year primarily due to payroll costs increases due to the addition of personnel and higher salaries offset by a decrease in consulting fees due to the closure of the SEC comment process, as well as, a decrease in directors' fees, post retirement benefits, accounting and legal fees and expenses in Saudi Arabia. Property taxes increased due to the decrease in the amount of an abatement previously obtained.

The Company reported net income attributable to Arabian American Development Company in the first quarter of 2011 of approximately \$257,000 or \$0.01 per basic and diluted share (based on 24.0 million basic and 24.7 million diluted weighted average shares outstanding, respectively). This compares to net income attributable to Arabian American Development Company of \$404,000, or \$0.02 per basic and diluted share for the first quarter of 2010 (based on 23.7 million basic and diluted weighted average shares outstanding).

The Company reported EBITDA for the first quarter of 2011 of approximately \$1.5 million compared to \$1.7 million for the same period in 2010.

The Company completed the quarter with \$5.9 million in cash and cash equivalents compared to \$7.6 million as of December 31, 2010. Trade receivables increased by \$4.3 million to \$15.5 million from \$11.2 million due to additional foreign sales with longer payment terms and an increase in the average selling price per gallon in the first quarter. The average

collection period remains normal for the business. Inventory was flat at \$5.9 million.

Cash used by operating activities totaled \$371,000 for the first quarter of 2011. The Company had \$18.9 million in working capital as of March 31, 2011 and ended the quarter with a current ratio of 2.9 to 1. Shareholders' equity increased to \$57.2 million as of March 31, 2011 from \$56.6 million as of December 31, 2010.

Mr. Carter concluded, "Subsequent to the end of the quarter, AMAK's Board of Directors approved several items designed to enhance the mine's capital structure and to ensure that adequate funding is available. These actions include seeking third party investors to expedite operations for both the current mining operations and the additional lease area activities, increasing the number of shares by 11% and increasing the number of board seats from eight to nine. The Board is very sensitive to the impact of these actions but we believe the long-term benefit will prove to be positive to shareholders. AMAK has been thinly capitalized from the start, especially since Arabian American's contribution was in the form of mining assets, an infusion of additional capital will be prudent to cover working capital and start up expenses. We are pleased to be working with our Saudi partners and potential third-party investors to produce a well funded, stable operation for the current mine and any operations that result from the additional leases we have pending with the Ministry."

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 late in 2011 or early in 2012 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, 2010, and the Company's subsequent Quarterly Reports on Form 10-Q.

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- Tables follow –

ARABIAN AMERICAN DEVELOPMENT COMPANY AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	MARCH 31, 2011 (unaudited)	DECEMBER 31, 2010
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 5,866,721	\$ 7,609,943
Financial contracts	377,647	177,446
Trade receivables, net	15,472,604	11,212,290
Inventories	5,931,678	5,917,283
Current portion of notes receivable, net of discount of \$134 and \$684, respectively	13,566	34,427
Prepaid expenses and other assets	626,457	669,367
Contractual based intangible assets	250,422	250,422
Deferred income taxes	244,031	487,513
Income taxes receivable	216,461	216,461
Total current assets	28,999,587	26,575,152
Plant, pipeline and equipment, net	33,974,504	33,864,268
Investment in AMAK	30,883,657	30,883,657
Mineral properties in the United States	588,311	588,311

Contractual based intangible assets	542,580	605,185
Other assets	10,938	10,938
 TOTAL ASSETS	 \$ 94,999,577	 \$ 92,527,511

LIABILITIES

Current Liabilities

Accounts payable	\$ 5,130,145	\$ 2,778,161
Accrued interest	117,080	120,533
Current portion of derivative instruments	384,968	396,527
Accrued liabilities	2,041,768	1,777,642
Accrued liabilities in Saudi Arabia	196,593	196,593
Current portion of post retirement benefit	249,559	246,605
Current portion of long-term debt	1,837,572	1,864,770
Current portion of other liabilities	179,078	199,939
Total current liabilities	10,136,763	7,580,770

Long-term debt, net of current portion	20,432,640	20,836,098
Post retirement benefit, net of current portion	680,196	680,196
Derivative instruments, net of current portion	457,717	719,693
Other liabilities, net of current portion	347,287	390,232
Deferred income taxes	5,459,548	5,480,683
Total liabilities	37,514,151	35,687,672

EQUITY

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

outstanding, 23,690,415 and 23,682,915 shares in 2011 and 2010, respectively	2,369,041	2,368,291
Additional paid-in capital	43,369,646	43,162,641
Accumulated other comprehensive loss	(556,173)	(736,706)
Retained earnings	12,013,689	11,756,390

Total Arabian American Development Company Stockholders' Equity	57,196,203	56,550,616
Noncontrolling Interest	289,223	289,223
Total equity	57,485,426	56,839,839
 TOTAL LIABILITIES AND EQUITY	 \$ 94,999,577	 \$ 92,527,511

ARABIAN AMERICAN DEVELOPMENT COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

	THREE MONTHS ENDED	
	MARCH 31	
	2011	2010
 REVENUES		
Petrochemical Product Sales	\$ 32,782,710	\$ 30,230,944
Transloading Sales	-	654,204
Processing Fees	972,858	1,109,627
	33,755,568	31,994,775
 OPERATING COSTS AND EXPENSES		
Cost of Petrochemical Product Sales and Processing (including depreciation of \$672,429 and \$569,180, respectively)	30,463,720	28,268,692
 GROSS PROFIT	 3,291,848	 3,726,083

GENERAL AND ADMINISTRATIVE EXPENSES

General and Administrative	2,507,759	2,627,367
Depreciation	111,804	110,363
	2,619,563	2,737,730
OPERATING INCOME	672,285	988,353
OTHER INCOME (EXPENSE)		
Interest Income	550	7,420
Interest Expense	(271,638)	(323,996)
Miscellaneous	25,491	(12,031)
	(245,597)	(328,607)
INCOME BEFORE INCOME TAXES	426,688	659,746
INCOME TAXES	169,389	255,760
NET INCOME	257,299	403,986
NET LOSS ATTRIBUTABLE TO NONCONTROLLING INTEREST	--	--
NET INCOME ATTRIBUTABLE TO ARABIAN AMERICAN DEVELOPMENT COMPANY	\$ 257,299	\$ 403,986
Basic Earnings per Common Share		
Net Income attributable to Arabian American Development Company	\$ 0.01	\$ 0.02
Basic Weighted Average Number of Common Shares Outstanding	23,988,082	23,745,721

Diluted Earnings per Common Share

Net Income attributable to Arabian American
Development

Company	\$ 0.01	\$ 0.02
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Diluted Weighted Average Number of Common Shares

Outstanding	24,715,974	23,745,721
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ARABIAN AMERICAN DEVELOPMENT COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

THREEMONTHS ENDED

MARCH 31,

2011	2010
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OPERATING ACTIVITIES

Net Income	\$ 257,299	\$ 403,986
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Adjustments to Reconcile Net Income Attributable to
Arabian American Development

Company To Net Cash Provided by (Used in) Operating
Activities:

Depreciation	784,233	679,543
Amortization of Contractual Based Intangible Asset	62,605	--
Accretion of Notes Receivable Discounts	(550)	(7,383)
Unrealized Gain on Derivative Instruments	(200,201)	(630,995)
Stock-based Compensation	191,180	246,205
Deferred Income Taxes	129,345	(143,886)
Postretirement Obligation	2,954	(74,947)

Changes in Operating Assets and Liabilities:

Increase in Trade Receivables	(4,260,314)	(1,075,004)
Decrease in Notes Receivable	21,411	122,553
Decrease in Income Tax Receivable	--	369,335
(Increase) Decrease in Inventories	(14,395)	95,611
(Increase) Decrease in Prepaid Expenses	42,910	(42,184)
Increase in Accounts Payable and Accrued Liabilities	2,616,110	193,396
Increase (Decrease) in Accrued Interest	(3,453)	448
Increase in Accrued Liabilities in Saudi Arabia	--	156,962

Cash Provided by (Used in) Operating Activities	(370,866)	293,640
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INVESTING ACTIVITIES

Additions to Property, Pipeline and Equipment	(958,275)	(639,770)
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FINANCING ACTIVITIES

Issuance of Common Stock	16,575	--
Additions to Long-Term Debt	--	1,000,000
Repayment of Long-Term Debt	(430,656)	(350,000)

Cash Provided by (Used in) Financing Activities	(414,081)	650,000
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NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,743,222)	303,870
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CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	7,609,943	2,451,614
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CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ 5,866,721	\$2,755,484
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ARABIAN AMERICAN DEVELOPMENT COMPANY AND SUBSIDIARIES RECONCILIATION OF
SELECTED GAAP MEASURES TO NON-GAAP MEASURES (1)

THREE MONTHS ENDED

March 31,

2011 2010

(in thousands)

NET INCOME	\$ 257	\$ 404
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Add back:

Interest	272	324
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Taxes	169	256
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Depreciation	112	110
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Depreciation in Cost of sales	672	569
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EBITDA	\$ 1,482	\$ 1,663
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03/31/11

(in thousands except ratio)

Current assets	\$ 29,000
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Current liabilities	10,137
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Working capital \$ 18,863

(current assets less current liabilities)

Current ratio 2.9

(current assets divided by current liabilities)

(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.

SOURCE Arabian American Development Co.