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Arabian American Development Announces Details of Facility Expansion with New Isomerization Unit

New Unit Will Increase Flexibility of C5 Product Line and Allow Company to Better Manage C5 Product Margins

DALLAS, Aug. 5 /PRNewswire-FirstCall/ -- Arabian American Development Co. (Nasdaq: ARSD) today announced the expansion of its South Hampton Resources facility with a new isomerization unit that will provide more flexibility in converting C5 Normal Pentane into Isopentane. This is expected to allow the Company to better manage margins for this product-line going forward.

Nick Carter, President and Chief Executive Officer, commented, "Our ability to manufacture high-quality solvents in the hydrocarbon market is the reason for our continued growth. Our successful 2008 expansion of the South Hampton Resources facility allowed us to take advantage of pent-up demand for our overall product line on a worldwide basis. When we process our feedstock to meet this increased demand, we produce all products depending upon feedstock composition. The new Isomerization unit will allow us to convert Normal Pentane, for which there are smaller markets, into Isopentane. Once completed, the isomerization unit will allow us to convert up to 500 barrels per day of Normal Pentane into Isopentane as needed. This flexibility will improve margin stability going forward. We are excited to be able to further improve our plant and associated economics with this additional unit."

Extensive lab work and performance research were completed for this expansion in late 2009 and preliminary design and civil engineering site work has been done over the last four months. Construction on the expansion started in April 2010 and is expected to be complete by September 1, 2010. The total cost of the expansion is expected to be approximately \$1.8 million and is expected to be funded either by internal working capital, a private placement with a Saudi shareholder, or a combination of the two. The situation is still under review.

Mr. Carter concluded, "We expect that developing the Isomerization unit will help us move toward our targeted goal of 17% gross margin over the long term. We also expect the expansion to provide a return on investment in 18 months or less."

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 Najran Province of southwestern Saudi Arabia which is currently under construction. 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.

Company Contact:

Nick Carter, President and Chief Executive Officer

(409) 385-8300

ncarter@southhamptonr.com

Investor Contact:

Cameron Donahue

Hayden IR

(651) 653-1854

Cameron@haydenir.com

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