

## **Arabian American Updates Investors on AMAK Mine, Petrochemical and Toll-Processing Activity**

### **AMAK Selects Ocean Partners as Exclusive Sales and Marketing Agent for Mine; Start-Up of Demonstration Unit for Gevo, Inc. Commenced on December 12, 2011**

SUGAR LAND, Texas, Dec. 20, 2011 /PRNewswire/ -- Arabian American Development Co. (Nasdaq:ARSD) today provided a business update on the AMAK (Al Masane Al Kobra) Mining Company activities in Saudi Arabia, as well as, updates on its collaboration with Gevo, Inc., and initiatives to maximize return on investment for its South Hampton Resources subsidiary. This update announced:

- Ocean Partners has been appointed as the exclusive sales and marketing agent effective immediately to handle logistics and marketing for AMAK which is 37% owned by Arabian American. Neil S. Seldon & Associates Ltd, will continue to act as marketing advisers to both the Company and AMAK.
- Initial concentrate production has begun at the mine and will be sold on a spot basis for the first several months possibly moving toward establishing longer term contracts in the future. Interested parties will be informed once sufficient concentrates are available to fulfill a spot sale.
- The start up of AMAK's ore processing mill is underway and has produced approximately 500 metric tons of ore to date. Typical adjustments and modifications are being handled as the need arises. To ensure the contract operator of the facility is aligned with AMAK's sense of urgency in ramping up production, the operations contract has a \$3 million bonus arrangement built into it with production goals and ramp up steps clearly identified. The goals call for 50% capacity in 30 days, 75% in 60 days, and 90% in 90 days with four consecutive days at those levels as measuring points.
- Construction of the demonstration unit for Gevo, Inc., was completed and startup operations commenced on December 12, 2011. Progress is on track and the Company expects to deliver Gevo's initial targeted volume of bio-based jet fuel by the end of the year. The hydrocarbon processing demonstration plant will provide Gevo with the toll-processing services necessary to process up to 10,000 gallons per month of Gevo's isobutanol into a variety of renewable hydrocarbon materials. These materials include jet fuel, isooctane for gasoline, isooctene and paraxylene for polyethylene terephthalate (PET). This will allow Gevo to supply early adopters with product so they can test material, make samples and start their selling cycle.
- The Company has hired Houlihan Lokey as an investment advisor. This engagement is in conjunction with determining optimal ROI and logistics for plant expansion due to the acceleration of capacity utilization of the South Hampton Resources Inc. subsidiary.

Nick Carter, President and Chief Executive Officer, commented, "The Ocean Partners' team has more than 15 years of experience delivering successful trading services to miners, smelters, and refiners. Their expertise includes every aspect of the business garnered from the team's background in mining engineering, geology, metallurgy, and finance. We are pleased that AMAK has chosen to partner with them to manage the marketing and delivery logistics of the output of the mine. We also want to thank Neil S. Seldon and Associates for their continued help in our AMAK venture."

Mr. Carter continued, "On the petrochemical side of our business, the completion and startup of the demonstration plant for Gevo has commenced in a timely manner. We are pleased to provide the toll-processing product for its cutting edge, environment friendly product line that includes renewable building block products for the chemical and fuel industries. We are gaining significant knowledge of the process through this initial endeavor and look forward to working with Gevo and their demonstration plant in the development of new products and markets."

Mr. Carter concluded, "We engaged Houlihan Lokey as an investment advisor due to the success of our growth strategies, both domestic and international, for petrochemical and toll processing products. Our South Hampton facility capacity utilization is being met ahead of expectation so we need to start addressing future demand and expansion of our markets. We believe Houlihan Lokey will be an excellent fit, and we welcome their expertise."

## **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 Al-Masane Al-Kobra Mining Company (AMAK), a Saudi Arabian joint stock 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, 2010, and the Company's subsequent Quarterly Reports on Form 10-Q.

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