

October 6, 2008



Arabian American Development Announces Completion of Its South Hampton Resource Plant Expansion and Conditional Lease Transfer Approval by Saudi Ministry

Company Also Receives Permit to Increase Transloading Business

DALLAS, Oct. 6 /PRNewswire-FirstCall/ -- Arabian American Development Co. (Nasdaq: ARSD) today provided an update on its business activities for the quarter ended September 30, 2008.

The Company announced that it has completed construction on its South Hampton Resources petrochemical plant expansion and has begun producing product. In conjunction with the expansion, the Company has refinanced its credit facilities with Bank of America. It also announced that it has received a permit to increase its transloading business and is pursuing an opportunity to increase the business to 60 railcars per month, a 50% increase.

Nick Carter, Executive Vice President and Chief Operating Officer, commented, "The facilities expansion is complete and fully operational, which allows us to meet the pent-up demand for our petrochemical products and to target new international customers while maintaining our present leadership position in the North American marketplace."

Mr. Carter continued, "Our transloading venture, which we initially entered into during the second quarter of 2008 is expected to ramp up from the \$30 million in revenue the company initially expected for 2008. We have now received a permit from the TCEQ to increase this transloading business and are in active negotiations to utilize the increased volume. We expect the additional transloading business will generate increasing sales volume going forward as it did during our second quarter when this venture began."

Al Masane Mining Lease Update

The Company also received conditional approval to transfer the Company's Al Masane mining lease to Al Masane Al Kobra Mining Company ("ALAK").

On September 28, 2008, the Company received letter number 2603/o from the Saudi Arabian Ministry of Petroleum & Mineral Resources conditionally approving the transfer of the Company's Al Masane mining lease to Al Masane Al Kobra Mining Company ("ALAK"). The Ministry added some unanticipated conditions to its written approval that primarily deal with the Company's and ALAK's rights to bring legal action against the Ministry. The Company and ALAK are seeking clarification or correction. The Company's and ALAK's legal counsel in Saudi Arabia are working with the Ministry on resolving this matter. The Company

does not anticipate putting the transfer of assets into place until this matter is settled with the Ministry. The Company filed a Form 8-K to this effect with the Securities and Exchange Commission on October 1, 2008.

Mr. Carter concluded, "We look for a timely resolution of the unanticipated lease transfer issue and continue our mobilization and construction of the ALAK project, which has proceeded on schedule. We will continue to concentrate on construction of the mill and with historically high mineral prices, the joint venture is eager to begin mining activities when it is complete in 2010. Even with the potential for a downturn in the current world economy, we believe the two year construction time will be a good fit for the economic cycle and prices will be regaining strength by the time we are ready to operate."

ALAK is the Saudi joint stock company of which the Company owns 50%. The construction contract for the project was signed on November 26, 2007 with Nesma & Partners Contracting Company Limited, a major Saudi construction company, as the prime contractor, and the China National Geological & Mining Corporation (CNGM) as the primary sub-contractor. Together, they are building the copper/zinc mine's concentrator and surface works at the Al-Masane lease site. The total contract for the project was awarded to Nesma and CNGM for \$110.8 million US dollars. The Al-Masane mine underground works, which had been flooded, was de-watered, and is currently being prepared for full scale mining operations. CNGM has also completed the detailed survey of the area where the facilities are to be built. The civil work at the site is underway and the major equipment has been ordered. The project is to be completed and operational in 2010.

The Company refinanced its present credit facility for the South Hampton Resources expansion from a \$10 million term loan to \$14 million with Bank of America with the same terms as its previous credit agreement. Total cost of the expansion was \$16 million. The interest rate on the loan varies according to several options and may be based upon LIBOR or prime rate plus a markup.

About Arabian American Development Company (ARSD)

Arabian American owns and operates a petrochemical facility located in southeast Texas just north of Beaumont, specializing in high purity petrochemical solvents and other solvent type manufacturing. The Company is also the original developer and is now a 50% owner of a joint venture in a mining project in the Al-Masane area of Saudi Arabia which is under construction and is scheduled to be in production in late 2010. The mine 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, 2007 and the Company's subsequent Quarterly Report Forms 10-Q.

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