

December 7, 2010



Arabian American Provides Business Update

Merges Silsbee Trading and Transportation Company into its Transportation Unit

Hexane Treater Unit Expansion Completed; Will Increase Capacity of C6 Products by 100%

DALLAS, Dec. 7, 2010 /PRNewswire-FirstCall/ -- Arabian American Development Co. (Nasdaq: ARSD) today provided a business update on several of its operations. This update announced:

- A merger of the Silsbee Trading and Transportation Company into Arabian American's transportation unit, and;
- The completion of the previously announced expansion to its Hexane treater unit.

Arabian American signed an agreement to merge the assets of Silsbee Trading and Transportation Company (STTC), a company owned by Nicholas Carter, President and Chief Executive Officer of Arabian American Development Co., into its transportation unit, South Hampton Transportation, Inc., (SHTI) with STTC being the surviving corporation. Prior to the merger, South Hampton Resources, Inc., Arabian American's main operating subsidiary, leased transportation related equipment from STTC. The result of this merger brings STTC into Arabian American Development Co. and eliminates a 'related party transaction' that it had previously been required to disclose in its filings with the Securities and Exchange Commission.

As a result of the merger agreement, Mr. Carter will receive \$250,000 from the Company, as well as, a \$300,000 note bearing a 4% annual interest rate with a three-year term, and 232,170 shares of Arabian American common stock. The stock is restricted for a two-year period. Arabian American will assume liabilities of approximately \$597,000 and will gain assets appraised at \$1.85 million as a result of the agreement. Additional details are included in the Form 8-K filed with the Securities and Exchange Commission on December 2, 2010.

Mr. Carter commented, "This merger agreement streamlines our operating activities by incorporating the trucking unit within our consolidated reporting results. This will eliminate this 'related party transaction' from our filing requirements. The Board of Directors and I agreed it was time to eliminate this arrangement which had served the Company well over time as a vehicle for providing safe, up-to-date transportation equipment. It's just one more step in our program to provide a sound financial package for the investment community to

consider."

Additionally, the Company announced that it has completed the expansion of South Hampton Resources' Hexane treater unit that adds an additional 800 B/D for treating C6 product. The unit doubles the current capacity. Feed to the new Hexane unit was initiated on November 17. The additional train was planned as part of the 2008 major expansion but was delayed until the volume of sales demanded added capacity in this area. The Company also recently completed the addition of a new Isomerization unit for increased C5 flexibility.

Mr. Carter concluded, "The Hexane treater unit was completed on time and considerably under budget. Early indications are that this unit is approximately 10% more energy efficient than the old one. Testing of the unit was successfully completed, and it is producing excellent high quality product which meets or exceeds our current specifications. The older Hexane unit was shut down and will be remodeled and updated prior to the end of the first quarter of 2011. Our marketing department is forecasting volume increases starting in the second quarter of 2011 which would necessitate higher run rates and may create the need for both units to be operational. The Company will complete the additional steps needed to insure there are no bottlenecks in the operation by the end of the first quarter of 2011. As the economy improves, we want to be ready to take advantage of the upturn."

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 of southwest Saudi Arabia. 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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