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# **Arabian American Development Announces Signing of Multi-Year Production Contract for Al-Masane Al- Kobra Mine**

## **Mining Operation Also Enters into Agreement to Build a Seaport Storage Facility**

DALLAS, July 19, 2011 /PRNewswire/ -- Arabian American Development Co. (Nasdaq: ARSD) today announced a three-year, \$79 million contract with China National Geological & Mining Corporation effective July 3, 2011 for the operation, management and maintenance of the surface works of the Al-Masane Al-Kobra (AMAK) mine. This contract is in addition to a five-year contract with CGM, effective June 29, 2010, that totaled \$125.0 million USD which covered the engineering, design, mobilization, rehabilitation of existing mine workings and production work and included a provisional sum of \$8.1 million USD for equipment that CGM has the option to provide. Arabian American is the original developer and now a 37% equity owner of the AMAK mine project.

The Company also announced that the AMAK mining operation has entered into an agreement with Walid S. Bugshan & Partners Co. Ltd. (Metafco), for the design, supply and construction of a seaport storage facility in Jizan, Saudi Arabia.

Nick Carter, president and CEO commented, "This contract is another major milestone for the AMAK mining project which is nearing completion in the Najran Province area of southwest Saudi Arabia. The \$79 million cost of operations over the three year contract is in line with the previous cash flow expectations based on 2000 tons per day and includes approximately \$29.4 million for reagents to be used in the mill process. In conjunction with our new equity partner ARMICO, the mining project has the capital to bring the mine into operation as well as working capital to support the new contract with CGM and we anticipate the start of operating cash flows assuming successful operational testing of the mill beginning in early 2012."

Mr. Carter continued, "The agreement to construct a seaport facility will ensure that when the mine becomes operational and delivers economic quantities of concentrates, we will have adequate storage capabilities. As previously reported, AMAK is now in discussions with several major commodity trading companies who have expressed interest in purchasing the off-take of concentrates that will be produced when the mine starts production at the beginning of 2012."

**The scope of the operation, management and maintenance of the surface works includes:**

- Production of copper and zinc concentrate, gold and silver bullion, talc and tails products at a rate of 2,000 tons per day (0.7Mtpa) from ore.
- Operation, maintenance and management of the surface works, designed and constructed by CGM as defined by AMAK.
- Production, stockpiling and storage of copper concentrate, zinc concentrate and bullion products that meet defined specifications.
- Sampling, assaying, loading and weighing of copper concentrate, zinc concentrate and bullion products, ready for transportation by others, and maintaining accurate records of the same.
- Sampling and assaying of all intermediate and final products during the processing of ore and keeping accurate records of the same.
- Supply and utilization of all reagents, spare parts, consumables and any other goods required to perform the operation, maintenance and management of the surface works facilities and utilities.
- Management, administration reporting (in English) and the required logistics for the supply, warehousing and consumption of all spare parts and consumables, human resources, production and environmental matters.
- Provision of all personnel required for the performance of the project requirements.
- Loading, transportation and placement of waste ("dry" tailings and talc product), within defined specifications to the designated Tailings Storage Facility ("TSF").
- Handover of the surface works in good working order to AMAK on completion or termination of the contract including replacing spare parts consumed from the 12-month supply made available at the commencement of the contract.
- Periodic sampling and testing of all water and monitoring wells and keeping accurate records of the same.
- Development and handover of all technical documents required in the performance of the services under the contract.

### **The scope of the design, supply and construction of the Jizan seaport storage facility includes:**

- Design, supply and construction of a seaport storage facility at Jizan including a laboratory room.
- Total building gross area: 9,870 m2 and approximate project gross area: 9,974 m2.
- Cost is expected to run 9.5 million SAR, or approximated \$2.5 million USD.
- Expected completion is eight months.
- The port has a building AMAK will use temporarily until the permanent structure is complete.

### **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 which is in the final stages of development in Najran Province of southwestern Saudi Arabia. The mine is scheduled to be in production in early 2012 and will produce economic quantities of copper, zinc, 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.

Company Contact: Nick Carter, President and Chief Executive Officer

(409) 385-8300

[ncarter@southhamptonr.com](mailto:ncarter@southhamptonr.com)

Investor Contact: Cameron Donahue

Hayden IR

(651) 653-1854

[Cameron@haydenir.com](mailto:Cameron@haydenir.com)

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