

SMG Indium Resources Ltd.
Form S-1/A
March 10, 2011

As filed with the Securities and Exchange Commission on March 10, 2011

File No: 333-165930

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

AMENDMENT NO. 5

TO

FORM S-1

**REGISTRATION STATEMENT
UNDER THE SECURITIES ACT OF 1933**

SMG INDIUM RESOURCES LTD.

(Exact Name of Registrant as Specified in Its Charter)

Delaware
(State or Other Jurisdiction of
Incorporation or Organization)

1090
(Primary Standard Industrial
Classification Code Number)

51-0662991
(I.R.S. Employer
Identification Number)

**41 University Drive, Suite 400
Newtown, Pennsylvania 18940
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(Address, Including Zip Code, and Telephone Number,

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Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date of the registration statement.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. x

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

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Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company:

Large accelerated filer Accelerated filer Non-accelerated filer
(Do not check if a smaller reporting company) Smaller reporting company

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CALCULATION OF REGISTRATION FEE

- (1) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(o) under the Securities Act of 1933, as amended.
- Includes 900,000 units, 900,000 shares of the Registrant's Common Stock and 900,000 warrants underlying such
- (2) units, which may be issued upon exercise of a 45-day option granted to the underwriters to cover over-allotments, if any.
- (3) Pursuant to Rule 416, there are also being registered such indeterminable additional securities as may be issued to prevent dilution as a result of stock splits, stock dividends or similar transactions.
- (4) Calculated pursuant to Rule 457(o) based on an estimate of the proposed maximum aggregate offering price.
- (5) Offered pursuant to the Registrant's initial public offering.
- (6) No fee pursuant to Rule 457(g).
- (7) Represents shares of the Registrant's Common Stock being registered for resale that will be issued to the selling security holders upon the automatic conversion of the Class A Common Stock.
- (8) \$10,301.24 has been previously paid for the registration of 10,000,000 units and such amount deemed fully paid.

The Registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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EXPLANATORY NOTE

This registration statement contains two prospectuses. One prospectus (the Prospectus) is to be used in connection with an initial public offering of 6,000,000 units. The other prospectus (the Selling Securityholder Prospectus) is to be used in connection with the potential resale by certain selling securityholders of an aggregate of 1,396,320 shares of our common stock issuable upon conversion of our outstanding Class A Common Stock, the exercise of 1,201,400 warrants issued in a private placement of our securities that closed on January 8, 2010, or the 2009 Private Placement, and the exercise of 232,720 warrants to be issued to investors in the 2009 Private Placement upon closing of this offering. The Prospectus and the Selling Securityholder Prospectus will be identical in all respects except for the alternative pages for the Selling Securityholder Prospectus included herein which are each labeled Alternative Page for Selling Securityholder Prospectus.

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The information in this prospectus is not complete and may be changed. We may not sell these securities until the Securities and Exchange Commission declares our registration statement effective. This prospectus is not an offer to sell these securities and is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

PRELIMINARY PROSPECTUS SUBJECT TO COMPLETION, DATED MARCH 10, 2011

SMG INDIUM RESOURCES LTD.

6,000,000 Units

This is an initial public offering of our securities. Each unit has an offering price of \$5.00 and consists of:

one share of our common stock; and

one warrant.

Each warrant entitles the holder to purchase one share of our common stock at a price of \$5.75. Each warrant will become exercisable upon the date of this prospectus, and will expire on _____, 2016 [**five years from the date of this prospectus**], or earlier upon redemption.

We have granted to the underwriters a 45-day option to purchase up to 900,000 additional units solely to cover over-allotments, if any (over and above the 6,000,000 units referred to above). The over-allotment will be used only to cover the net syndicate short position resulting from the initial distribution.

There is presently no public market for our units, common stock or warrants. It is anticipated that our units, common stock and warrants will be quoted on the OTC Bulletin Board and/or the OTCQB marketplace operated by Pink OTC Markets Inc. (OTCQB) under the symbols [TICKER], [TICKER] and [TICKER], respectively, and we anticipate that the units will begin trading on the OTC Bulletin Board and/or the OTCQB promptly after the date of this prospectus. Initially, only the units will trade. Each of the common stock and warrants will begin trading separately beginning on the 90th day after the date of this prospectus unless the representatives of the underwriters determine that an earlier date is acceptable. In no event will the representatives of the underwriters permit separate trading of the common stock and warrants until the business day following the earlier to occur of the expiration of the underwriters over-allotment option or its exercise in full.

We will enter into an amendment to the Management Services Agreement with Specialty Metals Group Advisors LLC (Manager), initially executed on November 24, 2009, upon consummation of this offering regarding management of our company. As of the date of this prospectus, our Manager has purchased on our behalf approximately 9.2 metric tons of indium utilizing the proceeds from the private placement offering completed on January 8, 2010. The price of indium is volatile. In the past ten years, the price of indium has ranged from as low as \$70 per kilogram to as high as \$1,070 per kilogram. On February 25, 2011, the price of indium was quoted by Metal Bulletin on Bloomberg L.P. at \$630 per kilogram.

The Manager expects to fully utilize a minimum of 85% of the net proceeds from this offering to purchase (or contract to purchase) and stockpile indium within 18 months of the date of this prospectus. If we are unable to use all of the

85% of the net proceeds from this offering to purchase and stockpile indium within such 18 month period, then we will return to the shareholders their pro-rata portion of the unused net proceeds designated for the purchase and stockpile of indium. In the event we return the unused proceeds to our shareholders, there will be a direct and materially adverse impact on the possibility that a potential shareholder could receive a positive return on their investment. In addition, for a potential shareholder to receive a return on their investment, the price of indium would need to appreciate substantially to offset the reduction in our Net Market Value associated with the initial offering expenses and our operating expenses, regardless of our ability to purchase indium in a timely manner.

Investing in our securities involves a high degree of risk. See Risk Factors beginning on page 8 of this prospectus for a discussion of information that should be considered in connection with an investment in our securities.

	Per Share	Total Proceeds
Public offering price	\$5.00	\$30,000,000
Underwriting discounts and commissions ⁽¹⁾⁽²⁾	\$0.25	\$1,125,000
Proceeds to us (before expenses) ⁽³⁾	\$4.75	\$28,875,000

(1) Does not include a non-accountable expense allowance in the amount of 1% of gross proceeds, excluding the over-allotment option, or \$ 0.05 per share, payable to the representatives of the underwriters or an option to purchase up to 300,000 units, at an exercise price equal to 110% of the offering price of the units sold in this offering, to be issued to the representatives of the underwriters. See Underwriting.

(2) We have requested that the underwriters reserve up to 1,500,000 of the 6,000,000 units offered in this prospectus, in the aggregate, for sale to Raging Capital Fund L.P. and Raging Capital Fund Q.P., L.P. at the initial public offering price. Raging Capital Management, LLC, an entity controlled by William C. Martin, one of our directors and through RCM Indium, LLC, a member of our Manager, is the General Partner of both Raging Capital Fund QP, LP and Raging Capital Fund, LP. The units sold to Raging Capital Fund L.P. and Raging Capital Fund Q.P., L.P. will not be subject to the underwriting discount and commission.

(3) We estimate that the total expenses of this offering, excluding the underwriters discount and the non-accountable expense allowance, will be approximately \$550,000.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

We are offering the units for sale on a firm-commitment basis. The underwriters expect to deliver our securities to investors in the offering on or about April [], 2011.

Sunrise Securities Corp.

Rodman & Renshaw, LLC

The date of this prospectus is March 10, 2011

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You should rely only on the information contained in this prospectus. We have not, and the underwriters have not, authorized anyone to provide you with information different from or in addition to that contained in this prospectus. We are offering to sell, and are seeking offers to buy, shares of common stock only in jurisdictions where offers and sales are permitted. Our business, financial conditions, results of operations and prospects may have changed since the date of this prospectus.

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For investors outside the United States: Neither we nor any of the underwriters have done anything that would permit this offering or possession or distribution of this prospectus in any jurisdiction where action for that purpose is required, other than in the United States. You are required to inform yourselves about and to observe any restrictions relating to this offering and the distribution of this prospectus.

Industry and Market Data

In this prospectus, we rely on and refer to information and statistics regarding our industry. We obtained this statistical, market and other industry data and forecasts from publicly available information. While we believe that the statistical data, market data and other industry data and forecasts are reliable, we have not independently verified the data.

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PROSPECTUS SUMMARY

This summary highlights certain information appearing elsewhere in this prospectus. As this is a summary, it does not contain all of the information that you should consider in making an investment decision. You should read the entire prospectus carefully, including the information under Risk Factors and our financial statements and the related notes included in this prospectus, before investing. We are not making an offer of these securities in any jurisdiction where the offer is not permitted.

Unless otherwise stated in this prospectus:

references to we, us or our company refer to SMG Indium Resources Ltd.;

the term Manager refers to Specialty Metals Group Advisors LLC;

the term Management Services Agreement refers to that certain agreement entered into between us and the Manager, dated as of November 24, 2009, regarding the management of our company, which will be amended and restated immediately prior to the consummation of this offering; and

the term 2009 Private Placement refers to a private placement, which closed on January 8, 2010, in which we sold an aggregate of 1,163,600 units to 61 accredited investors, each unit consisting of (i) one share of Class A common stock, par value \$.001 per share, and (ii) one warrant to purchase one share of common stock at an exercise price of \$5.75 per share, for gross proceeds of \$5,818,000. Under the terms of the 2009 Private Placement, upon the consummation of this offering, the Class A common stock will automatically convert into shares of our common stock and we will issue additional warrants to such investors.

In addition, unless we tell you otherwise, the information in this prospectus assumes that the underwriters will not exercise their over-allotment option and assumes that Raging Capital Fund, LP and Raging Capital Fund QP, LP shall purchase an aggregate of 1,500,000 of the 6,000,000 units in this offering. Raging Capital Management, LLC, an entity controlled by William C. Martin, one of our directors and through RCM Indium, LLC, a member of our Manager, is the General Partner of both Raging Capital Fund QP, LP and Raging Capital Fund, LP.

Overview

We were incorporated under the laws of the State of Delaware on January 7, 2008. On April 2, 2008, we changed our name from Specialty Metals Group Indium Corp. to SMG Indium Resources Ltd. We were formed to purchase and stockpile the metal indium, and we will use at least 85.0% of the net proceeds of this offering to purchase and stockpile already processed and mined indium ingots within 18 months from the date of this prospectus. In the event we are unable to utilize all 85% of the net proceeds from this offering to purchase or contract to purchase and stockpile indium within 18 months from the date of this prospectus, we will return to the shareholders their pro-rata share of the unused proceeds designated for the purchase and stockpile of indium. Indium is an essential raw material for a number of consumer electronics applications. The primary commercial application of indium is in coatings for the flat panel display (FPD) industry and in the liquid crystal display industry (LCD) on electronic devices such as television sets, computers, cell phones and digital cameras. Indium is also increasingly being used as an important raw material in the solar energy industry, where it is mainly used for high-efficiency photovoltaic cells in the form of thin-film photovoltaics. Other uses of indium are in high-speed semiconductors, light emitting diodes (LED), electrical components, alloys and solders. Information regarding the indium industry's largest producers and users is limited and not readily available to the public. Furthermore, we are not aware of the type of information, if any, regarding the indium market that other indium market participants may possess or have access to. Our inability to access this information may place us at a potential competitive disadvantage as compared to the other market participants who may have access to such information.

Our strategy is to achieve long-term appreciation in the value of our indium stockpile, and not to actively speculate with regard to short-term fluctuations in indium prices. We plan to achieve long-term appreciation in the value of our indium stockpile primarily through price appreciation of the physical metal. While it is not our current intention to do so in the short term, at our discretion, we may subsequently lend or sell some or all of our indium stockpile to cover our operating expenses. Although the price of indium has declined substantially since 2005, it is our belief that the long-term industry prospects for indium are attractive and,

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over time, the price of the metal will appreciate. To our knowledge, purchasing shares in our company is currently the only way for investors to participate in the price appreciation of indium other than physical delivery of the metal itself. The purpose of our company is to permit a simple and efficient mechanism by which an investor may benefit from the appreciation in the price of indium. Our indium is and will be physically stored in third-party facilities. Although we will not retain a custodian, the third-party storage facilities will provide services consistent with those typically provided by a custodian, such as storage and safeguarding the indium, insurance, transferring of the indium in and out of the facility, visual inspections, spot checks, arranging and facilitating for independent third-party assays, confirmation of deliveries to supplier packing lists and reporting of transfers of our indium inventory to our company and auditors. Although there can be no assurance that the price of indium or value of our company or our securities will increase over time, our investors will have the ability to invest in a company whose value may be tied to its interest in indium in a manner that does not directly include the risks associated with ownership of companies that explore for, mine or process indium.

Our business model is designed to capture the long-term appreciation of the price of indium. Historically, the price of indium has been extremely volatile and subsequent to periods of price appreciation, the price of indium has suffered substantial price declines. According to Metal Bulletin as posted on Bloomberg L.P., over the last year, the price of indium has appreciated approximately 14.0%, from \$553 per kilogram in February 2010 to \$630 per kilogram in February 2011. Over the last five years, the price of indium has depreciated approximately 37.2% (8.9% annualized), from \$1,003 per kilogram in February 2006 to \$630 per kilogram in February 2011. Over the last ten years, the price of indium has appreciated approximately 425.0% (18.0% annualized), from \$120 per kilogram in February 2001 to \$630 per kilogram in February 2011. Over the last fifteen years, the price of indium has appreciated approximately 27.3% (1.6% annualized) from \$495 per kilogram in February 1996 to \$630 per kilogram in February 2011.

According to the U.S. Geological Survey, over the last twenty-five years, the price of indium has appreciated approximately 650.0% (8.4% annualized), from \$84 per kilogram in 1986 to \$630 per kilogram in February 2011. Over the last fifty years, the price of indium has appreciated approximately 775.0% (4.4% annualized), from \$72 per kilogram in 1961 to \$630 per kilogram in February 2011. However, historical prices of indium are not indicative of future prices.

Our stockpile of indium may decrease over time due to sales of indium necessary to pay the expenses of this offering and our annual operating expenses. Without increases in the price of indium sufficient to compensate for such decreases, our net market value (NMV) may also decline. Our NMV is determined by multiplying the number of kilograms of indium held by us by the last spot price for indium published by the Metal Bulletin posted on Bloomberg L.P., plus cash and other assets, less any liabilities. The spot price for indium is published by the Metal Bulletin and posted on Bloomberg L.P. bi-weekly and we intend to publish the updated spot price, the quantity of our indium held in inventory and our NMV on our website on a bi-weekly basis. Regardless of our ability to purchase indium in a timely manner, we will incur initial offering expenses of approximately \$550,000 and projected yearly operating expenses of approximately \$1,170,000 prior to spending any proceeds from this offering to stockpile indium. We anticipate our yearly operating expenses will increase by approximately \$90,000 to approximately \$1,260,000 per annum once we are able to fully utilize the net proceeds from this offering allocated to purchase and stockpile indium. The price of indium would need to appreciate substantially to offset the reduction in our NMV due to the expenses listed above. The percentage increase required cannot be accurately determined at this time. It is highly dependent upon several variables including, but not limited to, the exact number of kilograms of indium purchased, the average price paid and the amount of time it takes for us to fully spend the net proceeds from this offering to complete the buildup of our indium stockpile.

Private Placement

On January 8, 2010, we completed a private placement offering of an aggregate of 1,163,600 units to 61 investors for gross proceeds of \$5,818,000. Each unit consisted of one share of Class A common stock, par value \$.001 per share, and one warrant to purchase one share of common stock at an exercise price of \$5.75 per share, which shall become exercisable upon the closing of this offering. In accordance with the terms of the private placement, upon the successful completion of this offering, each share of Class A common stock shall automatically convert into one share of common stock, subject to certain adjustments,

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including the purchase price of the private placement unit compared to the purchase price of the units in this offering, the amount of time elapsed between the private placement and successful completion of this offering, and the change in our NMV between the closing of the private placement and this offering, as more fully discussed elsewhere in this prospectus. We will also issue additional warrants to the investors in the 2009 Private Placement upon completion of this offering based on the same pre-determined formula regarding conversion of the Class A common stock.

Our principal office is located at 41 University Drive, Suite 400, Newtown, Pennsylvania 18940.