

SMG

INDIUM RESOURCES LTD.

Company History and Corporate Update - August 2011:

SMG Indium Resources Ltd. ("SMGI") originated as the brainchild of our Company's Co-Founders, Ailon Z. Grushkin and Richard A. Biele. The idea was simple: to establish a safe and efficient investment vehicle permitting investors to benefit from the long-term appreciation in the price of indium. Prior to SMGI's initial public offering ("IPO"), there was no practical manner in which to invest in indium. There are no indium mines, indium exchanges, indium ETFs or ETNs. The only effective way an investor could gain exposure to indium was to purchase and store the actual metal; a cumbersome process for non-market participants, and a valuation headache for institutional investors.

SMGI's solution to these challenges was to create a transparent, publicly-traded, pure play entity whose sole focus is to purchase and stockpile indium ingots without using any leverage. In January 2010, SMGI privately raised \$5.8 million and established its initial indium stockpile by acquiring 9.2 tons of indium in less than two months following the close of the financing. In May 2011, SMGI consummated its IPO raising gross proceeds of \$25.4 million through the sale of approximately 5.1 million units, comprised of an equal number of common shares and warrants. The Company agreed that a minimum of 85% of the net proceeds from the IPO will be utilized to purchase indium within an 18 month timeframe following the closing of the IPO. Investors now have the ability to allocate capital in a company whose value is tied to its physical 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.

Indium is a byproduct metal. There are no mines that primarily produce indium. Zinc mines are the source of most of the world's indium production, but not all zinc mines contain indium. The world produces over 12,000,000 tons of zinc per year, from which less than 600 tons of indium is extracted per year. The primary supply of indium has remained relatively unchanged for the past five years. Additionally, existing capacity for extracting indium from zinc is limited, as is the availability of zinc ores with adequately high concentrations of indium to profitably extract indium at today's market prices. Sufficient growth in zinc production to meet the rising demand for indium is unlikely considering zinc is currently in a surplus.

The global indium market has similar supply dynamics to that of the market for rare earth metals. The rare earth metals have come to dominate the media headlines after China recently restricted their export. This has caused a panicked frenzy and rare earth metal prices have skyrocketed over the past year. The vast majority of rare earth metals are mined in China. Similarly, but to a lesser degree, China currently produces over 50% of the primary global indium supply. In fact, according to the USGS Mineral Commodity Summary (2008), more than 70% of the world's indium reserves are located in the ground in China. On the consumption side, the Chinese government has specifically targeted growth in Liquid

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Crystal Display ("LCD") and Light Emitting Diode ("LED") fabrication, with extensive subsidies offered in the LED industry. Samsung and LG have already been enticed to build major LCD plants in China. Local production of LEDs is rapidly ramping up due to a low cost of entry afforded to Chinese LED manufacturers through substantial government subsidies towards the purchase of manufacturing equipment. We believe that within the next five years, China may consume their entire annual production of indium to satisfy their growing demand. As of now, China has not curbed its indium export quotas. SMGI was specifically designed to create a pure play publicly-traded, unleveraged, transparent investment vehicle to accurately track the spot price of indium. To date, SMGI has amassed what we believe is the single largest strategic indium stockpile located outside of China. SMGI has taken delivery of, or contracted to purchase at an agreed upon price for future delivery, approximately 27.3 tons of indium. The stockpile is securely stored and insured in a Brink's Global USA bonded warehouse located in the United States of America.

Indium has very unique chemical properties that make it an essential raw material used in fabricating some of the most exciting emerging technologies. These include LCDs, LEDs and the next generation of thin-film solar panels known as CIGS (Copper-Indium-Gallium-diSelenide). The LCD market includes all flat screens; LCD TVs, LED LCD TVs, Plasma TVs, Tablet computer based touch screens such as the Apple iPad and Blackberry Playbook, laptop, notebook, netbook and computer monitor screens, ATM and navigation displays, and smartphone screens. The LCD market is currently the single biggest driver of indium demand, and the LCD market is far from mature. According to Corning Inc., the world's largest producer of LCD glass, only 27% of the global TV installed base has been penetrated by LCDs. Corning projects that global consumption of LCD glass will grow from approximately 3 billion square feet in 2010 to a staggering 5 billion square feet in 2014.

The second emerging technology utilizing and driving indium demand is the LED lighting industry. Companies like Cree Inc. and OSRAM Opto Semiconductors use Indium-Gallium-Nitride (InGaN) and or Indium-Gallium-Aluminum-Nitride (InGaAlN) semiconductor chips to manufacture their LED lights. Veeco Instruments Inc. recently reported that the global LED industry is expected to grow 47% to \$21.2 Billion this year from \$14.4 Billion in 2010. In September 2009, the Beijing Antiake Information Development Co. Ltd., a state-backed research group, stated that "Indium used in LED may exceed 100 tons by 2015."

The third emerging technology that has the potential to boost indium demand by a similar magnitude to that of the LCD glass market is the CIGS thin film solar industry. CIGS has finally left the laboratory floor and is beginning to be fully commercialized. In a recent Maxim Group LLC Solar Power Industry report, the analyst stated that they "believe CIGS technology for thin-film production represents a wholesale step-change in low-cost, high efficiency solar technology that will be a game changer when it reaches the mainstream." The report goes on to state that, "though CIGS has to date largely overpromised and under-delivered, we believe the stage is set for 2012 to finally be 'the Year of CIGS' as it reaches mass production and begins to be selected for major projects around the globe." (It is estimated that the production of CIGS photovoltaic cells capable of generating 1 gigawatt of power will require 30 to 50 tons of indium.)

Bi-weekly on our website (www.smg-indium.com), we publish our Net Market Value ("NMV"), a non-GAAP term. The reason we report the NMV and not the Net Asset Value ("NAV") is because on our balance sheet, we are required by GAAP accounting to price our inventory of indium at the lower of "cost" or "market." This means that if the price of indium is quoted higher than our cost basis, we cannot mark up the value of our indium inventory to reflect the fair market value of indium. Therefore, we created the term NMV to more accurately reflect the true value of our Company. Our reported NMV per share is based on the spot price of indium published by Metal Bulletin PLC as posted on Bloomberg L.P. Metal Bulletin PLC is a well respected independent quote provider for a whole host of specialty metals. We publish Metal Bulletin's indium prices on our website every Wednesday and Friday.

SMGI is managed by Specialty Metals Group Advisors LLC, the "Manager." The members of the Manager have, in addition to extensive commodities expertise, historical roots as traditional deep value oriented investors. The Manager's primary short term goal is to put SMGI's capital to work by buying indium in a timely and prudent, yet patient manner. Beyond that, our goal is to improve the visibility of the Company and to increase shareholder liquidity. Longer term, if one takes into consideration the relatively fixed supply of indium and the key role it plays in the manufacture of LCDs, LEDs and CIGS, it is our view that an investment in SMGI, and therefore an investment in indium, provides investors with a unique, hard asset-backed vehicle by which to participate in the nascent indium bull market.

About SMG Indium Resources Ltd.

SMG Indium Resources Ltd. purchases and stockpiles the metal indium and believes it maintains the largest strategic stockpile of indium outside of the People's Republic of China. 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. Our indium is insured and physically stored at a Brink's Global USA facility located in the United States. Our shareholders have the ability to effectively purchase an 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. For more information please contact: info@smg-indium.com

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Safe Harbor Statement.

This press release contains "forward-looking statements" within the meaning of the "safe-harbor" provisions of the Private Securities Litigation Reform Act of 1995. Such statements involve known and unknown risks, uncertainties and other factors that could cause the actual results of the Company to differ materially from the results expressed or implied by such statements, including changes from anticipated levels of sales, future national or regional economic and competitive and regulatory conditions, changes in relationships with customers, access to capital, difficulties in developing and marketing new products, marketing existing products, customer acceptance of existing and new products, and other factors. Accordingly, although the Company believes that the expectations reflected in such forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct. The Company has no obligation to update the forward-looking information contained in this press release. These factors and other factors which may affect future supply and demand for indium as well as indium prices and or SMGI's stock price are discussed under "RISK FACTORS" in the form 424B4 as well as other reports SMGI has filed with the Securities and Exchange Commission which are available at www.sec.gov and on SMG's website (www.smg-indium.com).

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