STERLING GROUP VENTURES INC
Form 10QSB
April 13, 2007

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-QSB

Quarterly Report Pursuant to Section 13 Or 15(d) Of The Securities Act Of 1934

For the quarterly period ended **February 28, 2007**

Commission file number: **000-51775**

STERLING GROUP VENTURES, INC.

(Exact name of small business issuer as specified in its charter)

Nevada	**72-1535634**
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

Suite 900 - 789 West Pender Street, Vancouver, B.C. V6C 1H2
(Address of principal executive offices)

(604) 893-8891
(Issuer's telephone number)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities and Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes x No ¨

APPLICABLE ONLY TO CORPORATE ISSUERS

State the number of shares outstanding of each of the issuer’s classes of common equity, as of the last practicable date:

Common Stock, $0.001 par value	**43,501,490**
(Class)	(Outstanding as of April 10, 2007)

Transitional Small Business Disclosure Format (Check one): Yes ¨ No x

STERLING GROUP VENTURES, INC.
FORM 10-QSB
INDEX

Part I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS (UNAUDITED)

STERLING GROUP VENTURES, INC.
(An Exploration Stage Company)
INTERIM CONSOLIDATED BALANCE SHEETS
February 28, 2007 and May 31, 2006
(Stated in US Dollars)
(Unaudited)

		February 28, 2007		May 31, 2006
ASSETS				
Current Assets				
Cash and cash equivalents Note 5	$	301,518	$	349,954
GST receivable		8,492		13,787
Prepaid expenses		19,220		1,196
Advance receivable - Note 5		15,646		36,531
Total current assets		344,876		401,468
Mineral property deposit		-		124,600
Equipment - Note 4		3,643		2,986
Total Assets	$	348,519	$	529,054
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current Liabilities				
Accounts payable and other accrued liabilities - Note 5	$	178,111	$	77,361
Stockholders' Equity Note 6				
Common Stock : $0.001 Par Value				
Authorized : 500,000,000				
Issued and Outstanding : 43,501,490 (May 31, 2006: 40,277,500)		43,502		40,278
Additional Paid In Capital		2,639,037		2,190,611
Warrants		50,005		40,110
Accumulated Other Comprehensive Loss		(583)		(583)
Deficit accumulated during the exploration stage		(2,561,553)		(1,818,723)
Total Stockholders' Equity		170,408		451,693
Total Liabilities and Stockholders' Equity	$	348,519	$	529,054

SEE ACCOMPANYING NOTES

STERLING GROUP VENTURES, INC.
(An Exploration Stage Company)
INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS
for the three and nine months ended February 28, 2007 and 2006 and
for the period from July 27, 1994 (Date of Inception) to February 28, 2007
(Stated in US Dollars)
(Unaudited)

	Three months ended February 28, 2007	Three months ended February 28, 2006	Nine months ended February 28, 2007	Nine months ended February 28, 2006	July 27, 1994 (Date of Inception) to February 28, 2007
Expenses					
Accounting, audit and legal fees	$ 15,642	$ 7,941	$ 45,991	$ 41,654	$ 231,886
Bank charges	156	13	297	156	1,240
Consulting fees Note 5	27,988	31,124	87,766	94,333	417,682
Depreciation	732	452	1,976	1,356	5,139
Filing fees and transfer agent	-	378	2,288	3,561	32,427
Foreign exchange gain	(12)	883	(12,650)	(5,391)	(14,986)
General and administrative Note 5	5,376	3,386	14,441	9,558	47,400
Mineral property costs (recovery) Schedule A, Note 5	89,117	91,837	627,151	173,997	1,085,649
Printing and mailing	-	1,524	-	1,524	16,883
Shareholder information and investor relations	-	1,658	-	21,553	59,700
Stock-based compensation	-	-	-	-	368,641
Travel and entertainment	1,740	13,995	7,517	19,416	111,206
	(140,739)	(153,191)	(774,777)	(361,717)	(2,362,867)
Other items					
Interest income	2,108	1,381	4,483	3,091	20,558
Recovery of doubtful collection Note 3(b)	14,630	-	27,464	-	27,464
Allowance for doubtful collection	-		-	-	(246,708)
	16,738	1,381	31,947	3,091	(198,686)
Net loss for the period	$ (124,001)	$ (151,810)	$ (742,830)	$ (358,626)	$ (2,561,553)
Basic and diluted loss per share	$ (0.00)	$ (0.00)	$ (0.02)	$ (0.01)	
Weighted average number of shares outstanding	43,377,800	40,277,500	41,999,828	40,277,500	

SEE ACCOMPANYING NOTES

STERLING GROUP VENTURES, INC.
(An Exploration Stage Company)
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
for the nine months ended February 28, 2007 and 2006 and
for the period from July 27, 1994 (Date of Inception) to February 28, 2007
(Stated in US Dollars)
(Unaudited)

	Nine months ended February 28, 2007	Nine months ended February 28, 2006	July 27, 1994 (Date of Inception) to February 28, 2007
Cash flows from operating activities			
Net loss for the period	$ (742,830)	$ (358,626)	$ (2,561,553)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities			
Stock compensation expenses	-	-	368,641
Depreciation	1,976	1,356	5,139
Permit and engineering studies	-	-	150,000
Shareholder information and investor relations	-	-	20,447
Accounting, audit and legal fees	49,000	-	49,000
Translation adjustment	-	-	(106)
Changes in non-cash working capital items related to operations			
GST receivable	5,295	2,234	(8,492)
Prepaid expenses	(18,024)	23,964	2,333
Advance receivable	20,885	-	(15,646)
Accounts payable and accrued liabilities	100,750	9,611	178,111
Net cash used in operating activities	(582,948)	(321,461)	(1,812,126)
Cash flows from investing activities			
Advance on investment	-	-	(150,000)
Mineral property deposit	124,600	(124,430)	-
Additions to equipment	(2,633)	-	(8,782)
Net cash flows provided by (used in) investing activities	121,967	(124,430)	(158,782)
Cash flows from financing activities			
Common stock	412,545	-	2,270,545
Amounts contributed by director	-	-	1,881
Net cash flows provided by financing activities	412,545	-	2,272,426
Net increase (decrease) in cash and cash equivalents	(48,436)	(445,891)	301,518
Cash and cash equivalents beginning of the period	349,954	913,343	-

Cash and cash equivalents end of the period	$	301,518	$	467,452	$	301,518
Cash and cash equivalents consist of:						
Cash	$	122,417	$	392,566	$	122,417
Term deposits		179,101		74,886		179,101
	$	301,518	$	467,452	$	301,518
Supplemental Information:						
Cash paid for:						
Interest	$	19	$	-	$	19
Income taxes	$	-	$	-	$	-
Non-Cash Transactions:						
Issuance of shares for commission paid to broker for private placement	$	21,646	$	-	$	72,396
Issuance of shares for services rendered and prepaid expenses	$	49,000	$	-	$	91,000
Issuance of share purchase warrants for finder s fee paid to broker for private placement	$	9,895	$	-	$	9,895

SEE ACCOMPANYING NOTES

STERLING GROUP VENTURES, INC.
(An Exploration Stage Company)
INTERIM CONSOLIDATED STATEMENTS OF STOCKHOLDERS EQUITY (DEFICIENCY)
for the period from July 27, 1994 (Date of Inception) to February 28, 2007
(Stated in US Dollars)
(Unaudited)

	Common shares Number	Common shares Par Value	Additional Paid-in Capital	Warrants	Accumulated Other Comprehensive Loss
Balance, July 27, 1994 (Date of Inception)	-	$ -	$ -	$ -	$ -
Common stock	1	1	-	-	-
Amount contributed by director	-	-	1,881	-	-
Net loss for the periods	-	-	-	-	-
Balance, May 31, 2001	1	1	1,881	-	-
Net loss for the year	-	-	-	-	-
Balance, May 31, 2002	1	1	1,881	-	-
Net loss for the year	-	-	-	-	-
Balance, May 31, 2003	1	1	1,881	-	-
Reverse acquisition	(1)	(1)	(1,881)	-	-
Issuance of common shares for reverse acquisition	25,000,000	25,000	(23,119)	-	-
Outstanding common shares of Company prior to acquisition	11,360,000	11,360	(10,883)	-	(583)
Issuance of shares for cash pursuant to a private placement - at $0.50	1,766,000	1,766	881,234	-	-
Stock-based compensation	-	-	368,641	-	-
Net loss for the year	-	-	-	-	-
Balance, May 31, 2004	38,126,000	38,126	1,215,873	-	(583)

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SEE ACCOMPANYING NOTES

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STERLING GROUP VENTURES, INC

(An Exploration Stage Company)

INTERIM CONSOLIDATED STATEMENTS OF STOCKHOLDERS EQUITY (DEFICIENCY)

for the period from July 27, 1994 (Date of Inception) to February 28, 2007

(Stated in US Dollars)

(Unaudited)

	Common Shares Number	Common Shares Par Value	Additional Paid-in Capital	Warrants	Accumulated Other Comprehensive Loss
Balance, May 31, 2004	38,126,000	38,126	1,215,873	-	(583)
Issuance of shares for cash pursuant to a private placement - at $0.50	1,950,000	1,950	973,050	-	-
Issuance of shares for finder s fee of private placement	101,500	102	50,648	-	-
Finders fees	-	-	(50,750)	-	-
Fair value of share purchase warrants (finders fees)	-	-	(40,110)	40,110	-
Issuance of shares for services rendered	100,000	100	41,900	-	-
Net loss for the year	-	-	-	-	-
Balance, May 31, 2005	40,277,500	40,278	2,190,611	40,110	(583)
Net loss for the year ended May 31, 2006	-	-	-	-	-
Balance, May 31, 2006	40,277,500	40,278	2,190,611	40,110	(583)

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SEE ACCOMPANYING NOTES

Continued

STERLING GROUP VENTURES, INC.
(An Exploration Stage Company)
INTERIM CONSOLIDATED STATEMENTS OF STOCKHOLDERS EQUITY (DEFICIENCY)
for the period from July 27, 1994 (Date of Inception) to February 28, 2007
(Stated in US Dollars)
(Unaudited)

	Common Shares Number	Common Shares Par Value	Additional Paid-in Capital	Warrants	Accumulated Other Comprehensiv Loss
Balance, May 31, 2006	40,277,500	40,278	2,190,611	40,110	(58
Issuance of shares for cash pursuant to a private placement - at $0.15	2,750,300	2,750	409,795	-	
Issuance of shares for finder s fee of private placement	123,690	124	21,522	-	
Finder s fee	-	-	(21,646)	-	
Fair value of share purchase warrants (finder s fee)	-	-	(9,895)	9,895	
Issuance of shares for services rendered	350,000	350	48,650	-	
Net loss for the nine months ended February 28, 2007	-	-	-	-	
Balance, February 28, 2007	43,501,490 $	43,502 $	2,639,037 $	50,005 $	(58

SEE ACCOMPANYING NOTES

Schedule A

STERLING GROUP VENTURES, INC.
(An Exploration Stage Company)
INTERIM SCHEDULE OF MINERAL PROPERTY COSTS
for the three and nine months ended February 28, 2007 and 2006 and
for the period from July 27, 1994 (Date of Inception) to February 28, 2007
(Stated in US Dollars)
(Unaudited)

	DXC Salt Lake Property	Jiajika Spodumene Property	DX Polymetallic Property	DHLT Spodumene Property	Lushi Spodumene Property	Total
Three months ended February 28, 2007						
Administrative	$ -	$ -	$ -	$ -	$ -	$ -
Consulting fees Note 5	81,775	-	-	-	-	81,775
Engineering studies	-	-	-	-	-	-
Mining permit	-	-	-	-	-	-
Topography measurement	-	-	-	-	-	-
Travel	7,342	-	-	-	-	7,342
Wages and benefits	-	-	-	-	-	-
Balance, February 28, 2007	$ 89,117	$ -	$ -	$ -	$ -	$ 89,117
Nine months ended February 28, 2007						
Administrative	$ 4,310	$ -	$ -	$ -	$ -	$ 4,310
Consulting fees Note 5	116,672	-	-	-	-	116,672
Engineering studies	38,063	-	-	-	-	38,063
Mining permit	382,920	-	-	-	-	382,920
Topography measurement	15,001	-	-	-	-	15,001
Travel	34,010	488	-	-	-	34,498
Wages and benefits	35,687	-	-	-	-	35,687
Balance, February 28, 2007	$ 626,663	$ 488	$ -	$ -	$ -	$ 627,151

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SEE ACCOMPANYING NOTES

Schedule A
(Continued)

STERLING GROUP VENTURES, INC.
(An Exploration Stage Company)
INTERIM SCHEDULE OF MINERAL PROPERTY COSTS
for the three and nine months ended February 28, 2007 and 2006 and
for the period from July 27, 1994 (Date of Inception) to February 28, 2007
(Stated in US Dollars)
(Unaudited)

	DXC Salt Lake Property	Jiajika Spodumene Property	DX Polymetallic Property	DHLT Spodumene Property	Lushi Spodumene Property	Total
Three months ended February 28, 2006						
Administrative	$ 2,700	$ -	$ -	$ -	$ -	$ 2,700
Consulting fees Note 5	13,253	1,563	-	-	745	15,561
Engineering studies	14,204	-	-	-	-	14,204
Feasibility study	38,391	-	-	-	-	38,391
Travel	5,243	-	-	-	-	5,243
Wages and benefits	15,738	-	-	-	-	15,738
Balance, February 28, 2006	$ 89,529	$ 1,563	$ -	$ -	$ 745	$ 91,837
Nine months ended February 28, 2006						
Administrative	$ 3,537	$ 2,689	$ 578	$ 50	$ -	$ 6,854
Consulting fees Note 5	32,045	11,548	9,688	-	1,494	54,775
Engineering studies	38,391	-	-	-	-	38,391
Feasibility study	29,080	-	-	-	-	29,080
Legal fees	623	-	-	247	-	870
Travel	12,617	6,421	2,046	7,205	-	28,289
Wages and benefits	15,738	-	-	-	-	15,738
Balance, February 28, 2006	$ 132,031	$ 20,658	$ 12,312	$ 7,502	$ 1,494	$ 173,997

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SEE ACCOMPANYING NOTES

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Schedule A
(Continued)

STERLING GROUP VENTURES, INC.
(An Exploration Stage Company)
INTERIM SCHEDULE OF MINERAL PROPERTY COSTS
for the three and nine months ended February 28, 2007 and 2006 and
for the period from July 27, 1994 (Date of Inception) to February 28, 2007
(Stated in US Dollars)

	DXC Salt Lake Property	Jiajika Spodumene Property	DX Polymetallic Property	DHLT Spodumene Property	Lushi Spodumene Property	Total
Balance, May 31, 2003	$ -	$ -	$ -	$ -	$ -	$ -
Administrative	-	471	-	-	276	747
Consulting fees	-	9,263	-	-	3,027	12,290
Travel	-	2,763	-	-	1,953	4,716
Balance, May 31, 2004	-	12,497	-	-	5,256	17,753
Administrative	-	6,598	843	186	1,357	8,984
Consulting fees	-	33,799	6,552	-	18,925	59,276
Feasibility study	-	157,769	-	-	35,969	193,738
Exploration costs	-	-	30,266	-	-	30,266
Permit costs	-	150,000	-	-	-	150,000
Travel	-	15,085	1,785	521	9,163	26,554
Balance, May 31, 2005	-	375,748	39,446	707	70,670	486,571
Administrative	5,560	2,100	577	50	-	8,287
Consulting fees	46,629	12,062	9,688	-	2,242	70,621
Engineering studies	26,933	-	-	-	-	26,933
Feasibility study	29,080	-	-	-	-	29,080
Geophysical study	31,114	-	-	-	-	31,114
Legal fees	623	-	-	247	-	870
Topography measurement	32,266	-	-	-	-	32,266
Travel	30,953	8,009	2,046	7,205	-	48,213
Wages and benefits	33,601	-	-	-	-	33,601
Cost recovery Note 3(b)	-	(309,058)	-	-	-	(309,058)
Balance, May 31, 2006	236,759	88,861	51,757	8,209	72,912	458,498
Administrative	4,310	-	-	-	-	4,310
Consulting fees Note 5	116,672	-	-	-	-	116,672
Engineering studies	38,063	-	-	-	-	38,063
Mining permit	382,920	-	-	-	-	382,920
Topography measurement	15,001	-	-	-	-	15,001
Travel	34,010	488	-	-	-	34,498
Wages and benefits	35,687	-	-	-	-	35,687
Balance, February 28, 2007	$ 863,422	$ 89,349	$ 51,757	$ 8,209	$ 72,912	$ 1,085,649

SEE ACCOMPANYING NOTES

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Sterling Group Ventures, Inc.
(An Exploration Stage Company)
Notes to the Interim Consolidated Financial Statements
February 28, 2007
(Stated in US Dollars)

STERLING GROUP VENTURES, INC.
(An Exploration Stage Company)
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
February 28, 2007
(Stated in US Dollars)
(Unaudited)

Note 1 Interim Reporting and Continuance of Operations

While the information presented in the accompanying interim nine month consolidated financial statements is unaudited, it includes all adjustments which are, in the opinion of management, necessary to present fairly the financial position, result of operations and cash flows for the interim periods presented. In the opinion of management, all adjustments considered necessary for a fair presentation of the results of operations and financial position have been included and all such adjustments are of a normal recurring nature. It is suggested that these consolidated financial statements be read in conjunction with the Company s May 31, 2006 annual consolidated financial statements.

Operating results for the nine-month period ended February 28, 2007 are not necessarily indicative of the results that can be expected for the year ending May 31, 2007.

The interim consolidated financial statements have been prepared in accordance with generally accepted accounting principles applicable to a going concern, which assumes that the Company will be able to meet its obligations and continue its operations for its next twelve months. Realization values may be substantially different from carrying values as shown and these consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. At February 28, 2007, the Company had not yet achieved profitable operations, has accumulated losses of $2,561,553 since its inception and expects to incur further losses in the development of its business, all of which casts substantial doubt about the Company s ability to continue as a going concern. The Company s ability to continue as a going concern is dependent upon its ability to generate future profitable operations and/or to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due. Management has no formal plan in place to address this concern but considers that the Company will be able to obtain additional funds by equity financing and/or related party advances, however there is no assurance of additional funding being available.

Note 2 Principles of Consolidation

These consolidated financial statements include the accounts of the Company and its wholly- owned subsidiaries, Micro Express Holdings Inc., Micro Express Ltd., Huyana Ventures Limited., Makaelo Holdings Inc. and Makaelo Limited. All inter-company transactions and account balances have been eliminated.

Sterling Group Ventures, Inc.
(An Exploration Stage Company)
Notes to the Interim Consolidated Financial Statements
February 28, 2007
(Stated in US Dollars)

Note 3 Mineral Properties

a) Dangxiongcuo Salt Lake Project

On September 16, 2005, the Company, through its wholly owned subsidiary, Micro Express Holdings Inc. (Micro), signed an agreement (the Agreement) for the development of Dangxiongcuo salt lake property (DXC Salt Lake) in Nima county of Naqu district in Tibet, China. The Agreement follows a Letter of Intent signed between the parties on July 11, 2005.

Pursuant to the Agreement, the parties have agreed to set up a Cooperative Company, (the Cooperative) to develop the DXC Salt Lake. The objective of the Cooperative is to use the funds provided by the Company and the skills and technology provided by the other party to produce lithium carbonate and borate from brine. The Company, through Micro, will own 65% of the Cooperative. It is anticipated that the total investment in the Cooperative will be approximately RMB240,000,000 (approximately $31,015,200).

As of February 28, 2007, the Company has incurred a total of $863,422 in mineral property costs.

b) Jiajika Spodumene Property

On April 5, 2005, the Company, through its wholly-owned subsidiary Micro Express Ltd. (MEL), signed a joint venture contract with a Chinese partner for the establishment of a joint venture company, Jihai Lithium Ltd. and the development of the Jiajika lithium deposit in Kangding District, Sichuan Province, China. On March 3, 2006, both parties agreed to terminate the joint venture and the Chinese partner will pay back RMB2,480,000 ($316,547) incurred by MEL on the project. The Chinese partner shall pay RMB1,200,000 ($153,168) and RMB1,280,000 ($163,379) before April 15, 2006 and March 30, 2007, respectively. If the Chinese partner does not pay the RMB1,280,000, the amount will be converted into an interest in the Jiajika project based on the percentage of MEL s investment as to the registered capital contribution in Jiajika project by the Chinese partner. As at May 31, 2006, the Company had received RMB500,000 ($62,350) and a receivable of RMB1,980,000 ($246,708) was recorded. As the Chinese partner has not paid the remaining RMB700,000 ($87,170) and the recoverability of the RMB1,280,000 ($159,538) is uncertain, the Company has recorded an allowance for doubtful collection totalling $246,708 for the year ended May 31, 2006. During the nine-month period ended February 28, 2007, the Company received RMB200,000 ($27,464) back from the Chinese partner. This amount was reported as recovery of doubtful collection in the Consolidated Statements of Operations.

Subsequent to February 28, 2007, the Company commenced discussions with the Chinese partner to convert to the appropriate interest percentage.

As at February 28, 2007, the Company had incurred $398,407 in the Jiajika Spodumene Property before the cost recovery of $89,814

Sterling Group Ventures, Inc.
(An Exploration Stage Company)
Notes to the Interim Consolidated Financial Statements
February 28, 2007
(Stated in US Dollars)

c) DX Polymetallic Project

On March 2, 2005, the Company, through its wholly-owned subsidiary, Makaelo Limited, entered into a joint venture agreement with a Chinese citizen who holds two exploration permits for a copper project (the Project) in Inner Mongolia, China.

The Project is comprised of two exploration permits, Donggou and Xiaoxigou, covering an area of about 52 square kilometers. The Project is located in Inner Mongolia. The Company has the right to earn 52% of a cooperative joint venture company by spending RMB 5,200,000 ($671,996) for the exploration in the permit areas over three years with the first year contributing not less than RMB2,000,000 ($258,460). The Company did not complete the required expenditures within the first year and was attempting to renegotiate this agreement.

As at February 28, 2007, the Company had incurred $51,757 in the DX Polymetallic Property and had abandoned the property.

Note 4 Equipment

	February 28, 2007		
	Cost	Accumulated Amortization	Net
Computer equipment	$ 8,782	$ 5,139	$ 3,643

	May 31, 2006		
	Cost	Accumulated Amortization	Net
Computer equipment	$ 6,149	$ 3,163	$ 2,986

The equipment is located in Canada and China.

Note 5 Related Party Transactions

The Company was charged consulting fees during the three and nine months ended February 28, 2007 totalling $27,744 (2006: $30,902) and $87,067 (2006: $92,039), respectively, by companies controlled by two directors of the Company.

The Company was charged mineral property costs - consulting during the three and nine months ended February 28, 2007 totalling $4,885 (2006: $2,979) and $13,980 (2006: $6,579), respectively, by the Vice President of Micro.

The Company was charged mineral property costs - consulting during the three and nine months ended February 28, 2007 in the amount of $10,769 (2006: $10,943) and $33,231 (2006: $32,096), respectively, by a company controlled by a director of the Company.

Sterling Group Ventures, Inc.
(An Exploration Stage Company)
Notes to the Interim Consolidated Financial Statements
February 28, 2007
(Stated in US Dollars)

The Company was charged rental fees included in General and Administrative during the three and nine months ended February 28, 2007 totalling $4,216 (2006: $2,517) and $9,459 (2006: $7,442), respectively, by a company controlled by a director of the Company.

Cash and cash equivalents at February 28, 2007 include $64,677 (May 31, 2006: $290,194) held in trust by a director of the Company.

Included in advance receivable is $15,646 (May 31, 2006: $33,595) advanced to the Vice- President of Micro.

Included in accounts payable is $156,594 (May 31, 2006: $23,814) which is due to companies controlled by the directors of the Company for their services provided.

Note 6 Capital Stock

Commitments:

a) Capital Stock

The Company planned a private placement of up to 5,000,000 units at $0.15 per unit for a total proceeds of $750,000. Each unit consists of one common share and one share purchase warrant entitling the holder the right to purchase one common share at $0.18 per share expiring on December 29, 2006 (the Series C Share Purchase Warrants). A 7% finder s fee will be paid in relation to the private placement. During the nine months ended February 28, 2007, the Company received total subscriptions of $412,545 for 2,750,300 units. The private placement was closed without issuing the remaining 2,249,700 units. Finder's fee of 123,690 units with the aforementioned terms were also issued.

b) Stock Options

On February 3, 2004, the Board of Directors of the Company approved the 2004 Stock Option Plan which allows the Company to grant up to 3,636,000 stock options as an incentive to directors, officers, employees and consultants.

During the nine months ended February 28, 2007, no stock options were granted, exercised or cancelled.

As at February 28, 2007, there were a total of 3,636,000 stock options outstanding to directors and officers of the Company exercisable at $0.50 per share, expiring on February 3, 2009.

Sterling Group Ventures, Inc.
(An Exploration Stage Company)
Notes to the Interim Consolidated Financial Statements
February 28, 2007
(Stated in US Dollars)

c) Share Purchase Warrants

During the nine months ended February 28, 2007, 2,873,990 Series C warrants were issued, including 123,690 warrants with a fair value of $9,895 for a finder s fee. Each Series C warrant entitles the holder thereof the right to purchase one common share at $0.18 per share expiring on December 29, 2006. No warrant was exercised or cancelled during the period. On December 22, 2006, the Company extended the expiry date of the 2,873,990 Series C Share Purchase Warrants from December 29, 2006 to February 29, 2008. The exercise price of the warrants remains unchanged at $0.18 per share.

The fair value of the Series C warrants granted to the finders was $0.08 per share and were estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions used: dividend yield of 0%, expected volatility of 98.91%, risk-free interest rate of 5.0%, and an expected life of 1.3 years.

As at February 28, 2007, the Company has a total of 3,817,500 and 2,873,990 Series A and C share purchase warrants outstanding, respectively.

Each Series A warrant entitled the holder thereof the right to purchase one common share at $0.50 per share expiring on the earlier of:

i) February 16, 2008; and

ii) The 90th day after the day on which the weighted average trading price of the Company s shares exceed $0.85 per share for 30 consecutive trading days.

Upon exercise of the Series A Share Purchase Warrant at $0.50 each, the holder will receive one Common Share of the Company and a Series B Share Purchase Warrant exercisable at $1.00 expiring one year after the occurrence of either (i) or (ii) as described above.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

Safe Harbor Statement under the United States Private Securities Litigation Reform Act of 1995: Except for the statements of historical fact contained herein, the information constitutes "forward-looking statements" within the meaning of the Private Securities Litigation reform Act of 1995. Such forward looking statements, including but not limited to those with respect to the price of lithium, lithium carbonate, other metals and chemicals, the timing and amount of estimated production, costs of production, reserve determination and reserve conversion rates, involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievement of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. Such factors include, among others, risks relating to the integration of the acquisition, risks that the company may not be able to raise the necessary capital, risks relating to international operations, risks relating to joint venture operations, the actual results of current exploration activities, the actual results of current reclamation activities, conclusions of economic evaluations, changes in project parameters as plans continue to be refined, future prices of lithium, beryllium, niobium, tantalum, and other metals, as well as those factors affecting the mineral industry. Although the Company has attempted to identify important factors that could cause actual results to differ materially, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

INTRODUCTION

The information presented here should be read in conjunction with Sterling Group Ventures, Inc.'s (the "Company") financial statements and other information included in this Form 10-QSB. The Company has presented its quarterly financial statements, which should be read in conjunction with its annual financial statements and the notes thereto for the fiscal year ended May 31, 2006.

As used in this quarterly report, the terms "we", "us", "our", "our company", "Company" and Sterling mean Sterling Group Ventures, Inc. and its subsidiaries , unless otherwise indicated.

When used in this Form 10-QSB, the words "expects", "anticipates", "estimates" and similar expressions are intended to identify forward-looking statements. Such statements are subject to risks and uncertainties, including those set forth below under "Risks and Uncertainties," that could cause actual results to differ materially from those projected. These forward-looking statements speak only as of the date hereof. The Company expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in the Company's expectations with regard thereto or any change in events, conditions or circumstances on which any statement is based.

PLAN OF OPERATIONS

Sterling is an exploration stage company and there is no assurance a commercially viable mineral deposit exists on any of the properties. Further exploration will be required before final evaluation as to the economic and legal feasibility is determined.

On January 20, 2004, the Company completed the acquisition of all of the issued and outstanding shares of Micro Express Ltd., a British Virgin Islands corporation (Micro) pursuant to an Acquisition Agreement, filed as an exhibit to a Form 8-K on January 29, 2004. Pursuant to the transaction, the Company issued an aggregate of 25,000,000 shares of common stock to the stockholders of Micro in exchange for 100% of the shares of Micro common stock. Micro Express Ltd. is a subsidiary of Micro Express Holdings Inc., which is a wholly owned subsidiary of Sterling.

Micro is a party to an agreement with Sichuan Province Mining Ltd, which is 40% held by the Bureau of Sichuan Geology and Resources of Sichuan Government. Under the terms of the agreement, Micro has the right to acquire at least 75% of the shares of a co-operative joint-venture company which will hold the necessary mining licenses. The business of the joint-venture company is to develop the Jiajika spodumene property for the extraction of lithium, lithium salts, and other minerals. The total investment required is estimated at 88.51 million Chinese Yuan. The initial registered capital is 56 million Chinese Yuan (US$6.8 million). Sichuan Province Mining Ltd. will contribute 14 million Chinese Yuan (about US$1.7 million) including the mining permits and previous works to hold 25% of the JV company. Micro will contribute 42 million Chinese Yuan (about US$5.1 million) to hold 75% of the JV company. An initial contribution of $150,000 has been made by the Company as part of the contribution to obtain the mining permit pursuant to the contract signed between our Chinese partner and Sichuan Bureau of Land and Resource.

On March 3, 2006, the Company, through its wholly owned subsidiary, Micro Express Ltd. (Micro), signed an agreement (the Agreement) with Sichuan Province Mining Ltd. (SPM) to terminate the joint venture and SPM will pay back RMB2,480,000 incurred by Micro on the project.

Pursuant to the Agreement, the parties have confirmed that Micro s early investment of 2.48 million Yuan (RMB) to the Sichuan Jiajika Spodumene project should be paid back 1.2 million Yuan (RMB) before April 15, 2006 and 1.28 million Yuan (RMB) before March 30, 2007. Payments shall be made directly to Micro by SPM. If SPM does not make the payment of 1.28 million to Micro before March 30, 2007, then 1.28 million yuan will be converted into Micro s interest in Jiajika project of SPM using the formula: 1.28 million Yuan divided by registered capital contribution in Jiajika project by SPM, multiplied by 100%. Neither party shall have any other liabilities to the other party and the Agreement shall replace all previous signed agreements, contracts and MOU between Micro and SPM.

As at May 31, 2006, the Company had received RMB500,000 ($62,350) and a receivable of RMB1,980,000 ($246,708) was recorded. The Chinese partner has not paid the remaining RMB700,000 ($87,170) and the recoverability of the RMB1,280,000 ($159,538) is uncertain. During the nine-month period ended February 28, 2007, the Company received RMB200,000 ($27,464) back from the Chinese partner. Subsequent to February 28, 2007, the Company commenced discussions with the Chinese partner to convert to the appropriate interest percentage.

As at February 28, 2007, the Company had incurred $398,407 in the Jiajika Spodumene Property before the cost recovery of $89,814.

On September 16, 2005, the Company through its wholly owned subsidiary, Micro Express Holdings Inc. (MEH), signed an agreement with Beijing Mianping Salt Lake Research Institute (Mianping) for the development of Dangxiongcuo salt lake property in Nima county of Naqu district in Tibet, China. The Agreement follows a Letter of Intent signed between the parties on July 11, 2005.

Pursuant to the Agreement, the parties have agreed to set up a Cooperative Company, Tibet Saline Lake Mining High-Science & Technology Co. Ltd. (the Cooperative), to develop DXC Salt Lake. The objective of the Cooperative is to use the funds provided by Sterling through MEH and the skills and technology provided by Mianping to produce lithium carbonate (Li2CO3) and borate from brine. MEH is to own 65% and Mianping 35% of the Cooperative.

It is anticipated that the total investment in the Cooperative will be approximately 240 million RMB Yuan (or approximately US$30 million) and will result in the production of 5,000 tonnes per year of lithium carbonate and by products (sodium borate). Mianping guarantees the production cost of lithium carbonate will be less than 11,000 RMB yuan per tonne (or approximately US $1,356 per tonne).

As of February 28, 2007, the Company has incurred a total of $863,422 in the DXC Salt Lake property costs.

OUTLOOK

During the quarter ended February 28, 2007, the Company continued to undergo feasibility studies for the development of DXC salt lake property in Tibet.

RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the audited financial statements and notes thereto included in the Company's annual report on Form 10-KSB for the fiscal year ended May 31, 2006; and should further be read in conjunction with the financial statements included in this report. Comparisons made between reporting periods herein are for the three and nine months ended February 28, 2007, as compared to the three and nine months ended February 28, 2006.

The Company had interest income of $2,108 for the quarter ended February 28, 2007 as compared to $1,381 for the quarter ended February 28, 2006. For the nine months ended February 28, 2007 the Company had interest income of $4,483 as compared to $3,091 for the nine months ended February 28, 2006.

The operating loss decreased to $124,001 for the quarter ended February 28, 2007, as compared to $151,810 for the quarter ended February 28, 2006, while the operating loss for nine months ended February 28, 2007 was $742,830 as compared to $358,626 for the nine months ended February 28, 2006.

For the three months ended February 28, 2007, relative to the same period in 2006, consulting services decreased by $3,136, while consulting services decreased by $6,567 for the nine months ended February 28, 2007 relative to the same period in 2006.

Accounting, audit and legal fees increased by $7,701 for the three months ended February 28, 2007 when compared to the same period in 2006. Accounting, audit and legal fees increased by $ 4,337 for the nine months ended February 28, 2007 when compared to the same period in 2006.

Mineral property costs decreased by $2,720 for the three months ended February 28, 2007 when compared to the same period in 2006. Mineral property costs increased by $453,154 for the nine months ended February 28, 2007 when compared to the same period in 2006 due to the mining permit cost for the DXC salt lake project.

Travel expenses decreased by $12,255 for the three months ended February 28, 2007 when compared to the same period in 2006. Travel expenses decreased by $11,899 for the nine months ended February 28, 2007 when compared to the same period in 2006.

The Company expects the trend of losses to continue at an increasing rate until we can achieve commercial production on some of the mineral properties, of which there can be no assurance.

LIQUIDITY AND WORKING CAPITAL

As of February 28, 2007, the Company had total current assets of $ 344,876 and total liabilities of $178,111. The Company has a working capital surplus of $ 166,765 as a result of proceeds of $412,545 from a private placement commenced in August 2006.

Stock Options

During the nine months ended February 28, 2007, no stock options were granted, exercised or cancelled.

As of February 28, 2007, there were 3,636,000 stock options outstanding exercisable at $0.50 per share, expiring on February 3, 2009.

Share Purchase Warrants

During the nine months ended February 28, 2007, 2,873,990 Series “C”warrants were issued, including 123,690 warrants for a finder s fee. Each Series “C” warrant entitles the holder thereof the right to purchase one common share at $0.18 per share expiring on December 29, 2006. No warrant was exercised or cancelled during the period.

On December 22, 2006, the Company extended the expiry date of the 2,873,990 Series “C” Share Purchase Warrants from December 29, 2006 to February 29, 2008. The exercise price of the warrants remains unchanged at $0.18 per share.

As at February 28, 2007, the Company has a total of 3,817,500 and 2,873,990 Series “A” and “C” share purchase warrants outstanding, respectively.

Each Series “A” warrant entitled the holder thereof the right to purchase one common share at $0.50 per share expiring on the earlier of:

(a) February 16, 2008; or

(b) The 90th day after the day on which the weighted average trading price of the Company’s shares exceed $0.85 per share for 30 consecutive trading days.

Upon exercise of the Series “A” Share Purchase Warrant at $0.50 each, the holder will receive one Common Share of the Company and a Series “B” Share Purchase Warrant exercisable at $1.00 expiring one year after the occurrence of either (a) or (b) as described above.

The Company has no other capital resources other than the ability to use its common stock to raise additional capital or raise capital through the exercise of the options or the warrants by the unit holders.

RISK FACTORS

We have sought to identify what we believe to be the most significant risks to our business. However, we cannot predict whether, or to what extent, any of such risks may be realized nor can we guarantee that we have identified all possible risks that might arise. Investors should carefully consider all of such risk factors before making an investment decision with respect to our Common Stock. We provide the following cautionary discussion of risks, uncertainties and possible inaccurate assumptions relevant to our business. These are factors that we think could cause our actual results to differ materially from expected results. Other factors besides those listed here could adversely affect us.

Lack of Technical Training of Management

The Management of our Company has academic and scientific experience related to mining issues but lacks technical training and experience exploring for, commissioning and operating a mine. With no direct training or experience in these areas, management may not be fully aware of many of the specific requirements related to working within this industry. The decisions and choices may not take into account standard engineering or managerial approaches mineral exploration companies commonly use. Consequently, operations, earnings and the ultimate financial success of the Company could suffer irreparable harm due to management s lack of experience in this industry.

Exploration Risk

Development of mineral properties is contingent upon obtaining satisfactory exploration results. Mineral exploration and development involves substantial expenses and a high degree of risk, which even a combination of experience, knowledge and careful evaluation may not be able to adequately mitigate.

There is no assurance that commercial quantities of ore will be discovered on any of the Company s exploration properties. There is also no assurance that, even if commercial quantities of ore are discovered, a mineral property will be brought into commercial production. The discovery of mineral deposits is dependent upon a number of factors not the least of which is the technical skill of the exploration personnel involved. The commercial viability of a mineral deposit, once discovered, is also dependent upon a number of factors, some of which are the particular attributes of the deposit, such as size, grade and proximity to infrastructure, metal prices and government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals, and environmental protection. In addition, assuming discovery of a commercial ore body, depending on the type of mining operation involved, several years can elapse from the initial phase of drilling until commercial operations are commenced. Most of the above factors are beyond the control of the Company.

The exploration process is conducted in phases. When each phase of a project is completed, and upon analysis of the results of that phase, the Company will make a decision whether to proceed with each successive phase of the exploration program. There is no assurance that projects will be carried to completion.

Limited Management Resource Development Experience

The Company does not have a track record of exploration and mining operation history. The Company's management has limited experience in mineral resource development and exploitation, and has relied on and may continue to rely upon consultants and others for development and operation expertise.

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Limited Operating History; Anticipated Losses; Uncertainty of Future Results

Sterling is an exploration stage company and there is no assurance a commercially viable mineral deposit exists on any of the properties. Further exploration will be required before final evaluation as to the economic and legal feasibility is determined.

Sterling Group Ventures, Inc. has only a limited operating history upon which an evaluation of the Company and its prospects can be based. The Company's prospects must be evaluated with a view to the risks encountered by a company in an early stage of development, particularly in light of the uncertainties relating to the new and evolving distribution methods with which the Company intends to operate and the acceptance of the Company's business model. To the extent that such expenses are not subsequently followed by commensurate revenues, the Company's business, results of operations and financial condition will be materially adversely affected. There can be no assurance that the Company will be able to generate sufficient revenues from the sale of its products. If cash generated by operations is insufficient to satisfy the Company's liquidity requirements, the Company may be required to sell additional equity or debt securities. The sale of additional equity or convertible debt securities would result in additional dilution to the Company's stockholders.

Limited Financial Resources

Furthermore, the Company has limited financial resources with no assurance that sufficient funding will be available to it for future exploration and development or to fulfill its obligations under current agreements. There is no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favorable. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of its projects.

Limited Public Market, Possible Volatility of Share Price

The Company's Common Stock is currently quoted on the NASD OTC Bulletin Board under the ticker symbol SGGV. As of April 10, 2007, there were approximately 43,501,490 shares of Common Stock outstanding. There can be no assurance that a trading market will be sustained in the future.

Potential Fluctuations in Quarterly Results

Significant variations in our quarterly operating results may adversely affect the market price of our common stock. Our operating results have varied on a quarterly basis during our limited operating history, and we expect to experience significant fluctuations in future quarterly operating results. These fluctuations have been and may in the future be caused by numerous factors, many of which are outside of our control. We believe that period-to-period comparisons of our results of operations will not necessarily be meaningful and that you should not rely upon them as an indication of future performance. Also, it is likely that our operating results could be below the expectations of public market analysts and investors. This could adversely affect the market price of our common stock.

Dependence on Executive Officers and Technical Personnel

The success of our business plan depends on attracting qualified personnel, and failure to retain the necessary personnel could adversely affect our business. Competition for qualified personnel is intense, and we may need to pay premium wages to attract and retain personnel. Attracting and retaining qualified personnel is critical to our business. Inability to attract and retain the qualified personnel necessary would limit our ability to implement our business plan successfully.

Need for Additional Financing

The Company believes it has sufficient capital to meet its short-term cash needs, including the costs of compliance with the continuing reporting requirements of the Securities Exchange Act of 1934. However, if losses continue it may have to seek loans or equity placements to cover longer term cash needs to continue operations and expansion.

No commitments to provide additional funds have been made by management or other stockholders. Accordingly, there can be no assurance that any additional funds will be available to the Company to allow it to cover operation expenses.

If future operations are unprofitable, it will be forced to develop another line of business, or to finance its operations through the sale of assets it has, or enter into the sale of stock for additional capital, none of which may be feasible when needed. The Company has no specific management ability or financial resources or plans to enter any other business as of this date.

Political Risks

The market in China is monitored by the government, which could impose taxes or restrictions at any time which would make operations unprofitable and infeasible and cause a write-off of investment in the mineral properties. Other factors include political policy on foreign ownership, political policy to open the doors to foreign investors, and political policy on mineral claims and metal prices.

Market Risk

The Company does not hold any derivatives or other investments that are subject to market risk. The carrying values of any financial instruments, approximate fair value as of those dates because of the relatively short-term maturity of these instruments which eliminates any potential market risk associated with such instruments.

Other Risks and Uncertainties

The business of mineral deposit exploration and extraction involves a high degree of risk. Few properties that are explored are ultimately developed into production. At present, none of the Company s properties has a known body of commercial mineral deposit. Other risks facing the Company include competition, reliance on third parties and joint venture partners, environmental and insurance risks, political and environmental instability, statutory and regulatory requirements, fluctuations in mineral prices and foreign currency, share price volatility, title risks, and uncertainty of additional financing.

The Company has sought to identify what it believes to be the most significant risks to its business, but cannot predict whether or to what extent any of such risks may be realized nor can there be any assurances that the Company has identified all possible risks that might arise. Investors should carefully consider all of such risk factors before making an investment decision with respect to the Company's stock.

ITEM 3. CONTROLS AND PROCEDURES

The management of the company has evaluated the effectiveness of the issuer's disclosure controls and procedures as of February 28, 2007, and has concluded that the disclosure controls and procedures are adequate and effective based upon their evaluation as of the evaluation date.

There were no significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of the most recent evaluation of such, including any corrective actions with regard to significant deficiencies and material weaknesses.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

None

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Capital Stock

In August 2006, the Company commenced a private placement of up to 5,000,000 units at $0.15 per unit for total proceeds of $750,000. Each unit consists of one common share and one non-transferable share purchase warrant(C warrant). Each C warrant will be exercisable to acquire one additional common share expiring on December 29, 2006 at a price of $0.18 per share. The proceeds from this private placement will be used for general working capital.

On September 20, 2006, the Company issued 2,873,990 units for $0.15 per unit under the private placement, of which 2,750,300 units were issued for a gross proceed of $412,545 and 123,690 units were issued as a 7% finder's fees. Each unit consists of one common share and one non-transferable share purchase warrant(C warrant). Each C warrant will be exercisable to acquire one additional common share expiring on December 29, 2006 at a price of $0.18 per share.The private placement was closed without issuing the remaining 2,249,700 units.

On October 3, 2006, the Company issued 350,000 common shares at $0.14 per share to settle accounts payable of $49,000 ($33,000 was included in accounts payable at February 28, 2007) with Braun & Co., the Company's legal counsel.

Stock Options

During the nine months ended February 28, 2007, no stock options were granted, exercised or cancelled.

As of February 28, 2007, there were 3,636,000 stock options outstanding exercisable at $0.50 per share, expiring on February 3, 2009.

Share Purchase Warrants

During the nine months ended February 28, 2007, 2,873,990 Series "C"warrants were issued, including 123,690 warrants for a finder s fee. Each Series "C" warrant entitles the holder thereof the right to purchase one common share at $0.18 per share expiring on December 29, 2006. No warrant was exercised or cancelled during the period.

On December 22, 2006, the Company extended the expiry date of the 2,873,990 Series "C" Share Purchase Warrants from December 29, 2006 to February 29, 2008. The exercise price of the warrants remains unchanged at $0.18 per share.

On February 14, 2006, the Company has reduced the exercise price of the 3,817,500 Series "A" Share Purchase Warrants from $0.75 to $0.50 each and extended the terms of the Series "A" Share Purchase Warrants for two years to the earlier of:

(a) February 16, 2008; or

(b) The 90th day after the day on which the weighted average trading price of the Company's shares exceed $0.85 per share for 30 consecutive trading days.

Upon exercise of the Series “A” Share Purchase Warrant at $0.50 each, the holder will receive one Common Share of the Company and a Series “B” Share Purchase Warrant exercisable at $1.00 expiring one year after the occurrence of either (a) or (b) as described above.

As at February 28, 2007, the Company has a total of 3,817,500 and 2,873,990 Series “A” and “C” share purchase warrants outstanding, respectively.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None

ITEM 5. OTHER INFORMATION

None

ITEM 6. EXHIBITS

31.1	Section 302 Sarbanes-Oxley Certification of Chief Executive Officer
31.2	Section 302 Sarbanes-Oxley Certification of Chief Financial Officer
32.1	Section 906 Sarbanes-Oxley Certification of Chief Executive Officer
32.2	Section 906 Sarbanes-Oxley Certification of Chief Financial Officer

SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: April 13, 2007

STERLING GROUP VENTURES, INC.
/s/ Raoul Tsakok
Raoul Tsakok, Chairman & CEO