STERLING GROUP VENTURES INC
Form 10-Q
January 11, 2011

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

[X] Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
for the quarterly period ended **November 30, 2010.**.

[ ] Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
for the transition period from _________ to _______ .

Commission file number: **000-51775**

STERLING GROUP VENTURES, INC.

(Exact name of registrant as specified in its charter)

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

308 - 1228 Marinaside Cr., Vancouver, B.C. V6Z 2W4
(Address of principal executive offices) (Zip Code)

(604) 689-4407
(Registrant s telephone number, including area code)

N/A
(Former name, former address and former fiscal year, if changes since last report)

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 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 [ ]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a
smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer [ ]	Accelerated filer [ ]	Non-accelerated filer [ ]	Smaller reporting company [X]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes [ ] No [X]

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of January 10, 2011.

Title of each class	**Number of shares**
Common Stock, par value $0.001 per share	43,826,175

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PART I - FINANCIAL INFORMATION

STERLING GROUP VENTURES, INC.
(An Exploration Stage Company)
CONSOLIDATED BALANCE SHEETS
November 30, 2010 and May 31, 2010

Stated in U.S. dollars		**November 30, 2010** (unaudited)		**May 31, 2010**
ASSETS				
Current Assets				
Cash	$	144,349	$	192,502
Cash held in trust - Note 4		34		33
Taxes recoverable		5,330		4,000
Prepaid expenses and other		829		12
Total current assets		150,542		196,547
Equipment		-		47
Total Assets	$	150,542	$	196,594
LIABILITIES AND CAPITAL DEFICIT				
Current Liabilities				
Accounts payable and other accrued liabilities - Note 4	$	546,941	$	522,516
Capital Deficit				
Common Stock : $0.001 Par Value - Note 5				
Authorized : 500,000,000				
Issued and Outstanding : 43,826,175		43,826		43,826
Additional Paid In Capital		2,652,924		2,652,924
Warrants - Note 5		636,668		636,668
Accumulated Other Comprehensive Loss		(578)		(583)
Deficit accumulated during the exploration stage		(3,729,239)		(3,658,757)
Total Capital Deficit		(396,399)		(325,922)
Total Liabilities and Capital Deficit	$	150,542	$	196,594

See accompanying notes to consolidated financial statements

STERLING GROUP VENTURES, INC.
(An Exploration Stage Company)
CONSOLIDATED STATEMENTS OF OPERATIONS
For the three months and six months ended November 30, 2010 and 2009 and for the period from July 27, 1994 (date of inception) to November 30, 2010
(Unaudited)

Stated in U.S. dollars	Three months ended November 30, 2010	Three months ended November 30, 2009	Six months ended November 30, 2010	Six months ended November 30, 2009	July 27, 1994 (Date of inception) to November 30, 2010
Expenses					
Accounting, audit, legal and professional fees	$ 11,051	**$** 13,421	$ 40,109	**$** 45,870	$ 475,133
Bank charges	(100)	32	89	163	2,003
Consulting fees - Note 4	5,845	5,674	11,485	11,189	723,113
Depreciation	-	47	47	313	9,346
Filing fees and transfer agent	425	2,858	3,928	4,704	45,548
Foreign exchange loss (gain)	8,529	3,185	4,551	4,377	(18,875)
General and administrative - Note 4	870	3,965	2,576	7,514	119,791
Mineral property costs - Note 3	4,437	-	4,437	4,694	1,268,831
Printing and mailing	-	-	-	-	16,883
Shareholder information and investor relations	3,278	-	3,278	-	64,508
Stock-based compensation	-	-	-	-	953,722
Travel and entertainment	-	-	-	-	127,038
Recovery of doubtful collection Note 3(b)	-	-	-	-	(272,358)
Allowance for doubtful	-	-	-	-	246,708

collection										
		(34,335)		(29,182)		(70,500)		(78,824)		(3,761,391)
Other item										
Interest income		-		-		18		21		32,152
Net loss for the period	**$**	(34,335)	**$**	(29,182)	**$**	(70,482)	**$**	(78,803)	**$**	(3,729,239)
Currency translation adjustment		5		-		5		-		(578)
Comprehensive loss for the period	**$**	(34,330)	**$**	(29,182)	**$**	(70,477)	**$**	(78,803)	**$**	(3,729,817)
Basic and diluted loss per share	**$**	(0.00)	**$**	(0.00)	**$**	(0.00)	**$**	(0.00)		
Weighted average number of shares outstanding		43,826,175		43,826,175		43,826,175		43,826,175		

See accompanying notes to consolidated financial statements

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STERLING GROUP VENTURES, INC.
(An Exploration Stage Company)
CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY (CAPITAL DEFICIT)
For the period from July 27, 1994 (date of inception) to November 30, 2010
(unaudited)

Stated in U.S. dollars	Common Shares	Stock Amount At Par Value	Additional Paid In Capital	Warrants	Accumulated Other Comprehensive Income (Loss)	Deficit Accumulated During The Exploration Stage	Total
Balance, July 27, 1994 (Date of inception)	-	$ -	$ -	$ -	$ -	$ -	$ -
Common stock	1	1	-	-	-	-	1
Amount contributed by director	-	-	1,881	-	-	-	1,881
Net loss for the periods	-	-	-	-	-	(7,902)	(7,902)
Balance, May 31, 2001	1	$ 1	$ 1,881	$ -	$ -	$ (7,902)	$ (6,020)
Net loss of the year	-	-	-	-	-	(1,860)	(1,860)
Balance, May 31, 2002	1	$ 1	$ 1,881	$ -	$ -	$ (9,762)	$ (7,880)
Net loss of the year	-	-	-	-	-	(1,360)	(1,360)
Balance, May 31, 2003	1	$ 1	$ 1,881	$ -	$ -	$ (11,122)	$ (9,240)
Reverse acquisition	(1)	(1)	(1,881)	-	-	-	(1,882)
Issuance of common shares for reverse acquisition	25,000,000	25,000	(23,119)	-	-	-	1,881
Outstanding common shares of Company prior to acquisition	11,360,000	11,360	(10,883)	-	(583)	-	(106)

Issuance of shares for cash pursuant to a private placement - at $0.50	1,766,000	1,766	881,234	-	-	-	883,000
Stock-based compensation	-	-	368,641	-	-	-	368,641
Net loss of the year	-	-	-	-	-	(527,446)	(527,446)
Balance, May 31, 2004	38,126,000	$ 38,126	$ 1,215,873	$ -	$ (583)	$ (538,568)	$ 714,848
Issuance of shares for cash pursuant to a private placement - at $0.50	1,950,000	1,950	973,050	-	-	-	975,000
Issuance of shares for finder's fee of private placement	101,500	102	50,648	-	-	-	50,750
Finders' fees	-	-	(50,750)	-	-	-	(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	-	-	-	42,000
Net loss of the year	-	-	-	-	-	(818,954)	(818,954)
Balance, May 31, 2005	40,277,500	$ 40,278	$ 2,190,611	$ 40,110	$ (583)	$ (1,357,522)	$ 912,894
Net loss for the year	-	-	-	-	-	(461,201)	(461,201)
Balance, May 31, 2006	40,277,500	$ 40,278	$ 2,190,611	$ 40,110	$ (583)	$ (1,818,723)	$ 451,693
Issuance of shares for cash pursuant to a private placement - at $0.15	2,750,300	2,750	409,795	-	-	-	412,545

Issuance of shares for finder's fee of private placement	123,690	124	21,522	-	-	-	21,646
Finders' fees	-	-	(21,646)	-	-	-	(21,646)
Share issuance costs	-	-	(3,687)	-	-	-	(3,687)
Fair value of share purchase warrants (finders' fees)	-	-	(9,895)	9,895	-	-	-
Revaluation of share purchase warrants	-	-	(1,582)	1,582	-	-	-
Issuance of shares for services rendered	350,000	350	48,650	-	-	-	49,000
Net loss for the year	-	-	-	-	-	(864,485)	(864,485)
Balance, May 31, 2007	43,501,490	$ 43,502	$ 2,633,768	$ 51,587	$ (583)	$ (2,683,208)	$ 45,066
Issuance of shares for services rendered at $0.06	324,685	324	19,156	-	-	-	19,480
Revaluation of share purchase warrants	-	-	-	409,525	-	-	409,525
Net loss for the year	-	-	-	-	-	(516,440)	(516,440)
Balance, May 31, 2008	43,826,175	$ 43,826	$ 2,652,924	$ 461,112	$ (583)	$ (3,199,648)	$ (42,369)
Revaluation of share purchase warrants	-	-	-	83,852	-	-	83,852
Net loss for the year	-	-	-	-	-	(245,405)	(245,405)
Balance, May 31, 2009	43,826,175	$ 43,826	$ 2,652,924	$ 544,964	$ (583)	$ (3,445,053)	$ (203,922)
Revaluation of share	-	-	-	91,704	-	-	91,704

purchase warrants							
Net loss for the year	-	-	-	-	-	(213,704)	(213,704)
Balance, May 31, 2010	43,826,175	$ 43,826	$ 2,652,924	$ 636,668	$ (583)	$ (3,658,757)	$ (325,922)
Currency translation adjustment	-	-	-	-	5	-	5
Net loss for the period	-	-	-	-	-	(70,482)	(70,482)
Balance, November 30, 2010	43,826,175	$ 43,826	$ 2,652,924	$ 636,668	$ (578)	$ (3,729,239)	$ (396,399)

See accompanying notes to consolidated financial statements

STERLING GROUP VENTURES, INC.
(An Exploration Stage Company)
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the six months ended November 30, 2010 and 2009 and
for the period from July 27, 1994 (date of inception) to November 30, 2010
(unaudited)

Stated in U.S. dollars		**Six months ended November 30, 2010**		**2009**		**July 27, 1994 (Date of inception) to November 30, 2010**
Cash flows from operating activities						
Net loss for the period	$	(70,482)	$	(78,803)	$	(3,729,239)
Adjustments to reconcile net loss to net cash used in operating activities						
Stock-based compensation		-		-		953,722
Depreciation		47		313		9,346
Permit and engineering studies		-		-		150,000
Shareholder information and investor relations		-		-		20,447
Accounting, audit and legal fees		-		-		49,000
Translation adjustment		-		-		(106)
Changes in non-cash working capital items related to operations						
Taxes recoverable		(1,338)		(2,429)		(5,338)
Prepaid expenses and other		(817)		257		20,724
Accounts payable and accrued liabilities		24,425		41,293		566,421
Net cash used in operating activities		(48,165)		(39,369)		(1,965,023)
Cash flows from investing activities						
Advance on investment		-		-		(150,000)
Additions to equipment		-		-		(9,346)
Net change in cash held in trust		(1)		55,287		(34)
Net cash flows provided by (used in) investing activities		(1)		55,287		(159,380)
Cash flows from financing activities						
Net proceeds on issuance of common stock		-		-		2,266,858
Amounts contributed by director		-		-		1,881
Net cash flows provided by financing activities		-		-		2,268,739
Effect of foreign exchange rate		13		(209)		13
Net increase (decrease) in cash		(48,153)		15,709		144,349
Cash - beginning of period		192,502		192,002		-
Cash - end of period	$	144,349	$	207,502	$	144,349
Supplemental Information :						
Cash paid for :						
Interest	$	-	$	-	$	-

Income taxes	$ -	$ -	$ -
Non-cash Transactions :			
Issuance of shares for commission paid to broker for private placement	$ -	$ -	$ 72,396
Issuance of shares for services rendered	$ -	$ -	$ 91,000
Issuance of shares for settlement of accounts payable	$ -	$ -	$ 19,480
Issuance of share purchase warrants for finder's fee paid to broker for private placement	$ -	$ -	$ 11,477

See accompanying notes to consolidated financial statements

Sterling Group Ventures, Inc.
(An Exploration Stage Company)
Notes to Consolidated Financial Statements
November 30, 2010 and 2009
(Stated in US Dollars)
(Unaudited)

Note 1 Nature of Operations and Ability to Continue as a Going Concern

While the information presented in the accompanying interim six-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, 2010 annual consolidated financial statements.

Operating results for the six-month period ended November 30, 2010 are not necessarily indicative of the results that can be expected for the year ending May 31, 2011.

The interim consolidated financial statements have been prepared in accordance with generally accepted accounting principles (GAAP) applicable in the United States 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 November 30, 2010, the Company had a working capital deficiency of $396,399, has not yet achieved profitable operations, has accumulated losses of $3,729,239 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.

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., Makaelo Limited and Silver Castle Investments Limited. All inter-company transactions and account balances have been eliminated.

Note 2 Recent Accounting Pronouncements

The Company has evaluated all the recent accounting pronouncements and believes that none of them will have a material effect on the Company s consolidated financial statements.

In October 2009, the FASB issued Accounting Standards Update (ASU) No. 2009-13, Multiple-Deliverable Revenue Arrangements a consensus of the FASB Emerging Issues Task Force , (ASU 2009-13). ASU 2009-13 addresses the accounting for multiple-deliverable arrangements and requires that the overall arrangement consideration be allocated to each deliverable in a revenue arrangement based on an estimated selling price when vendor specific objective evidence or third-party evidence of fair value is not available. This guidance also eliminates the residual method of allocation and requires that arrangement consideration be allocated to all deliverables using the relative selling price method. This will result in more revenue arrangements being separated into separate units of accounting. ASU 2009-13 is effective for fiscal years beginning on or after June 15, 2010. Companies can elect to apply this guidance (1) prospectively to new or materially modified arrangements after the effective date or (2) retrospectively for all periods presented. The Company is currently assessing the impact of adoption of ASU 2009-13 and does not currently plan to early adopt.

Sterling Group Ventures, Inc.
(An Exploration Stage Company)
Notes to Consolidated Financial Statements
November 30, 2010 and 2009
(Stated in US Dollars)
(Unaudited)

Note 2 Recent Accounting Pronouncements (cont d)

In October 2009, the FASB issued ASU No. 2009-14, Certain Revenue Arrangements That Include Software Elements , (ASU 2009-14). ASU 2009-14 changes the accounting model for revenue arrangements that include both tangible products and software elements. Tangible products containing both software and non-software components that function together to deliver the product s essential functionality will no longer be within the scope of ASC 985-605 Software Revenue Recognition (ASC 985-605). The entire product (including the software and non-software deliverables) will therefore be accounted for under accounting literature found in ASC 605. ASU 2009-14 is effective for fiscal years beginning on or after June 15, 2010. Companies can elect to apply this guidance (1) prospectively to new or materially modified arrangements after the effective date or (2) retrospectively for all periods presented. The Company is currently assessing the impact of adoption of ASU 2009-14 and does not currently plan to early adopt.

In January 2010, the FASB issued ASU 2010-06, Improving Disclosures about Fair Value Measurements, which is included in the ASC in Topic 820 (Fair Value Measurements and Disclosures). ASU 2010-06 requires new disclosures on the amount and reason for transfers in and out of Level 1 and 2 fair value measurements. ASU 2010-06 also requires disclosure of activities, including purchases, sales, issuances, and settlements within the Level 3 fair value measurements and clarifies existing disclosure requirements on levels of disaggregation and disclosures about inputs and valuation techniques. ASU 2010-06 is effective for interim and annual reporting periods beginning after December 15, 2009. The adoption of ASU 2010-06 did not have a material impact on the Company s financial statements.

In April 2010, the FASB issued Accounting Standards Update 2010-13 (ASU 2010-13), "Compensation - Stock Compensation (Topic 718)." This Update provides amendments to Topic 718 to clarity that an employee share-based payment award with an exercise price denominated in the currency of a market in which a substantial portion of the entity's equity securities trades should not be considered to contain a condition that is not a market, performance, or service condition. Therefore, an entity would not classify such an award as a liability if it otherwise qualifies as equity. The amendments in ASU 2010-13 are effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2010. The provisions of ASU 2010-13 are not expected to have a material effect on the Company's consolidated financial statements.

In April 2010, the FASB issued Update No. 2010-17, or ASU 2010-17, *Revenue Recognition Milestone Method* , which updates the guidance currently included under topic 605, Revenue Recognition. ASU 2010-17 provides guidance on defining the milestone and determining when the use of the milestone method of revenue recognition for research or development transactions is appropriate. It provides criteria for evaluating if the milestone is substantive and clarifies that a vendor can recognize consideration that is contingent upon achievement of a milestone as revenue in the period in which the milestone is achieved, if the milestone meets all the criteria to be considered substantive. ASU 2010-17 is effective for milestones achieved in fiscal years, and interim periods within those years, beginning after June 15, 2010 and should be applied prospectively. Early adoption is permitted. The Company is still assessing the impact of this guidance and does not believe the adoption of this guidance will have a material impact on our consolidated financial statements.

Sterling Group Ventures, Inc.
(An Exploration Stage Company)
Notes to Consolidated Financial Statements
November 30, 2010 and 2009
(Stated in US Dollars)
(Unaudited)

Note 2 Recent Accounting Pronouncements (cont d)

In July 2010, the FASB issued ASU 2010-20, *Receivables (Topic 310): Disclosures about the Credit Quality of Financing Receivables and the Allowance for Credit Losses.* ASU 2010-20 amends Topic 310 to provide greater transparency about an entity s allowance for credit losses and the credit quality of its financing receivables. The new disclosures as of the end of the reporting period are effective for interim and annual reporting periods ending on or after December 15, 2010. The new disclosures about activity that occurs during a reporting period are effective for interim and annual reporting periods beginning on or after December 15, 2010. The adoption of ASU 2010-20 will not have a material effect on the Company s results from operations or financial position as it only impacts the required disclosures.

Note 3 Mineral Properties

Summary of mineral properties expenses for the six months ended November 30, 2010 and 2009 and for the cumulative period from date of inception (July 27, 1994) to November 30, 2010:

	DXC Salt Lake Property	GP Property
Six months ended November 30, 2010		
Administrative	$ -	$ 3,836
Travel	-	601
	$ -	$ 4,437
Six months ended November 30, 2009		
Administrative	$ 88	$ -
Travel	4,606	-
	$ 4,694	$ -
Three months ended November 30, 2010		
Administrative	$ -	$ 3,836
Travel	-	601
	$ -	$ 4,437
Three months ended November 30, 2009	$ -	$ -

Sterling Group Ventures, Inc.
(An Exploration Stage Company)
Notes to Consolidated Financial Statements
November 30, 2010 and 2009
(Stated in US Dollars)
(Unaudited)

Note 3 Mineral Properties (cont d)

Summary of mineral property expenditures	**DXC Salt Lake Property**	**GP Property**
From Date of Inception (July 27, 1994) to November 30, 2010		
Balance, May 31, 2005	$ -	$ -
Administrative	5,560	-
Consulting fees	46,629	-
Engineering studies	26,933	-
Feasibility study	29,080	-
Geophysical study	31,114	-
Legal fees	623	-
Topography measurement	32,266	-
Travel	30,953	-
Wages and benefits	33,601	-
Balance, May 31, 2006	236,759	-
Administrative	5,200	-
Consulting fees	134,580	-
Engineering studies	38,063	-
Mining permit	382,920	-
Topography measurement	15,001	-
Legal fees	9,695	-
Travel	53,262	-
Wages and benefits	35,687	-
Balance, May 31, 2007	911,167	-
Administrative	706	-
Consulting fees	60,548	-
Travel	5,456	-
Legal fees	11,566	-
Balance, May 31, 2008	989,443	-
Administrative	867	-
Consulting fees	27,890	-
Travel	16,959	-
Legal fees	7,008	-
Balance, May 31, 2009	1,042,167	-
Balance, May 31, 2010	1,042,167	-
Administrative	-	3,836
Travel	-	601
Balance, November 30, 2010	$ 1,042,167	$ 4,437

Not included in the table above was a total of $222,227 of costs incurred on other properties which were abandoned during the years ended May 31, 2006, 2007 and 2009.

Sterling Group Ventures, Inc.
(An Exploration Stage Company)
Notes to Consolidated Financial Statements
November 30, 2010 and 2009
(Stated in US Dollars)
(Unaudited)

Note 3 Mineral Properties (cont d)
a) Gaoping Phosphate Property

On October 18, 2010, the Company signed two agreements (the "Agreements") with Chenxi County Hongyu Mining Co. Ltd. ("Hongyu") and its shareholders ("Hongyu Shareholders") regarding the Gaoping phosphate mine (the "GP Property") located in Tanjiaxiang, Chenxi County, Hunan Province, China and other phosphate resources in Hunan Province. Hongyu holds a business license and a mining permit on the GP Property which is in effect until November 10, 2014 and covers 42.5 hectares encompassing the GP Property.

The Agreements also require an investment company to be incorporated in Hong Kong (the Investment Company) which will be owned 20% by the Hongyu Shareholders and 80% by the Company. The Investment Company will acquire 90% of Hongyu with the other 10% of Hongyu being transferred to the nominees of Sterling. Upon completion of this acquisition, Hongyu will become a Hong Kong / China joint venture company and within five business days of the approval of such joint venture company by the appropriate Chinese authorities, the Company will pay RMB 2,000,000 to the Hongyu Shareholders. During the acquisition phase, the Company will ensure that Hongyu s assets retain a minimum value of RMB 5,000,000. At any time when requested by the Company, the Hongyu Shareholders agree to sell their 20% interest in the Investment Company to the Company for the issuance of 10,000,000 common shares of the Company s capital stock to them all subject to the rules and requirements of the US regulatory bodies bearing jurisdiction. If the Company does not complete taking over Hongyu through the Investment Company within three months after signing the Agreements, the Company shall pay RMB 200,000 to the Hongyu Shareholders as down payment. The Company paid RMB 200,000 to the Hongyu shareholders on December 14, 2010.

Pursuant to the Agreements, Hongyu agrees to surrender its future exclusive cooperative rights to the Company, and the Hongyu Shareholders agree that the Company shall have all Hongyu's title and interest in any phosphate properties, including but not limited to the GP Property, and the Company shall arrange for the financing of building a mining and processing plant on the GP Property together with other facilities required for a mining operation thereon.

As of November 30, 2010, the Company has incurred a total of $4,437 (2009 - $nil) in mineral property costs on this property.

b) Shimen Phosphate Property

On November 10, 2010, the Company signed a letter of intent (the "LOI") with Shimen County Merchants Bureau, Hunan Province, China regarding the development of Shimen Phosphate Mine.

Under the terms of the LOI, the Company will conduct due diligence on the Shujiatai phosphate property located in Shimen County, Hunan Province, China (the "SM Property") within one and half years and update any Chinese study reports if necessary to build a mining, processing and chemical plant. After the due diligence is completed, the Company will set up a joint venture in Shimen County for developing the SM Property.

As of November 30, 2010, the Company has not incurred mineral property costs on this property yet.

Sterling Group Ventures, Inc.
(An Exploration Stage Company)
Notes to Consolidated Financial Statements
November 30, 2010 and 2009
(Stated in US Dollars)
(Unaudited)

Note 3 Mineral Properties (cont d)
c) Dangxiongcuo Salt Lake Project

On September 16, 2005, the Company, through its wholly owned subsidiary, Micro Express Holdings Inc. (Micro), signed an agreement (the Mianping Agreement) for the development of Dangxiongcuo salt lake property (DXC Salt Lake) in Nima county of Naqu district in Tibet, China.

Pursuant to the Mianping Agreement, the parties agreed to set up a Cooperative Company, (the Cooperative) to develop the DXC Salt Lake. The objective of the Cooperative was 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, was to own 65% of the Cooperative. It was anticipated that the total investment in the Cooperative would be approximately 240 million RMB (or approximately US$35 million). The Cooperative Company was never set up. On July 3, 2007, Micro received a letter from the other party to the Mianping Agreement stating that the agreement between Micro and the other party should be deemed terminated as a result of lack of progress in the approval for the establishment of the joint venture company and is considering a lawsuit against the Company and Micro. Micro has responded that the other party s claim has no legal grounds as the lack of progress is not caused by Micro. There has been no legal action to date and none is expected. By letter dated August 25, 2008, Beijing Mianping Salt Lake Research Institute (Mianping) has confirmed that the agreement dated September 16, 2005 was terminated effective July 8, 2008. This agreement was replaced by the agreement with Zhong Chuan International Mining Holdings Co. Ltd. dated July 8, 2008.

On July 8, 2008, the Company signed an agreement (the "Agreement") with the shareholders of Monte Sea Holdings Ltd. ("Monte Sea Shareholders") and a third party to restructure the transactions contemplated under the September 16, 2005 agreement. The parties wish to jointly develop the DXC Salt Lake property and lithium resources in Tibet including an exploration license, and elsewhere (the Property), by way of a cooperative joint venture. Monte Sea Shareholders and the third party are to provide RMB100,000,000 ($14,584,000) to finance the DXC property to production.

Pursuant to the Agreement, the parties wish to establish a Sino-foreign cooperative joint venture company ("CJV") for the purpose of applying for and holding required approvals, permits and licenses with respect to the development of the Property.

The Parties agree that an operating company ("Opco") will be established in Tibet prior to the establishment of the CJV for the purpose of applying for and holding required approvals, permits and licenses with respect to the development of the Property. The Opco shall hold all such approvals, permits and licenses in trust for the CJV.

Under the Agreement, the CJV will be established within 90 days from date of this Agreement, subject to required regulatory approval and based on a joint venture agreement by way of acquisition of interest in the Opco by Monte Sea Holdings Ltd. (Monte Sea), or by way of incorporation under the Chinese laws. Monte Sea shall hold up to 65% but no less than 51% of shares in the CJV. CJV shall own and hold all the Property.

If for any Chinese regulatory or policy reasons, Monte Sea is not permitted to have more than fifty-one percent (51%) interest in the CJV, then the CJV agreement will be revised such that:

(i) Monte Sea shall have a forty-nine percent (49%) interest in the CJV;

(ii) Monte Sea shall be entitled to receive returns on its investment in the CJV on a priority and accelerated basis until its investment in the CJV and the Property is fully recovered; and

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Note 3 Mineral Properties (cont d)
c) Dangxiongcuo Salt Lake Project (cont d)

(iii) Monte Sea shall be permitted to manage the daily operation of the CJV pursuant to a management agreement to be entered into on terms and conditions satisfactory to the Company.

Upon the Agreement being effective and termination of the agreement dated September 16, 2005, the Company will be repaid RMB6,000,000 (approximately $875,000). As of November 30, 2010, the Company has received $nil in regards to this agreement.

Upon signing of this Agreement and subject to applicable regulatory approval, Monte Sea Shareholders shall subscribe for 5,000,000 units (the "Units") to be issued by the Company at $0.15 per Unit. Each Unit shall consist of one common share in the stock of the Company, and one warrant which shall entitle the Monte Sea shareholders to purchase one common share in the stock of the Company at $0.16 per share within two years from the date of the issuance of the Units.

Subject to applicable regulatory approval, the Company shall cause 200,000,000 shares to be issued to the Monte Sea Shareholders within ten working days from the date transfer of the exploration license to the CJV is approved by the Chinese regulators, in exchange for all the shares then issued and outstanding in the stock of Monte Sea and held by Monte Sea Shareholders (the "Share Exchange"). The Share Exchange may be conducted and completed at an earlier date as long as the Company and Monte Sea Shareholders may agree in writing. This transaction would be accounted for as a reverse acquisition.

Subject to applicable regulatory approval, the Company shall cause 87,910,000 shares in the capital of the Company to be issued to the Monte Sea Shareholders at no additional cost, upon receipt by the CJV of a mining license and such other permits or approvals for the Property, permitting the full exploitation and development of the Property.

The Company intends to, when and as required by the CJV, arrange and complete financing for the operation of the CJV.

Zhong Chuan shall, together with Monte Sea Shareholders, provide funds no less than RMB 100,000,000 (or US dollar equivalent thereof) for the purpose of meeting registered capital payment requirements in the registration and operation of the CJV. Zhong Chuan shall keep other Parties informed of any development in the registration of the CJV and transfer of the exploration license.

The application to establish a joint venture has not yet been approved by the regulators in Tibet, China.

As of November 30, 2010, the Company has incurred a total of $1,042,167 in mineral property costs on this property.

The Company received verbal termination of the Agreement with Zhong Chuan in July 2009, as advised by third party legal counsel, at a meeting in Beijing, China. The Agreement, in effect, allows Zhong Chuan to terminate the Agreement if it pays the Company double the amount of funds paid by the Company to date to secure and develop the DXC Project. Zhong Chuan has not paid the required amount anticipated by the Agreement to date. The delay in payment has delayed the termination process and the Company is pursuing Zhong Chuan to complete the termination, as the Company deems, is mandated by the Agreement.

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Note 4 Related Party Transactions

The Company was charged consulting fees for administrative, corporate, financial, engineering, and management services during the three months and six months ended November 30, 2010 totalling $5,845 (2009: $5,674) and $11,485 (2009: $11,189) by companies controlled by two directors of the Company, respectively.

The Company was charged rental fees included in general and administrative expense during the three and six months ended November 30, 2010 totalling $nil (2009: $3,158) and $1,091 (2009: $6,227) by a company controlled by a director of the Company.

Cash held in trust at November 30, 2010 includes $34 (May 31, 2010: $33) held in trust by a director of the Company.

Included in accounts payable and accrued liabilities is $529,269 (May 31, 2010: $509,990) which was due to companies controlled by the directors of the Company for their services provided.

These transactions were in the normal course of operations and were measured at the exchange amount which represented the amount of consideration established and agreed to by the related parties.

Note 5 Capital Stock

a) Capital Stock

Subsequent to November 30, 2010, the Company has received proceeds of $405,000 in connection with a future private placement; however, no shares have been 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 six months ended November 30, 2010 and 2009, no stock options were granted or exercised. On February 3, 2009, 3,636,000 stock options with an exercise price of $0.50 per share expired unexercised.

As of November 30, 2010, there were no outstanding stock options (May 31, 2010: nil).

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Note 5 Capital Stock - (cont d)

c) Share Purchase Warrants

Share purchase warrants outstanding at November 30, 2010 were as follows:

Number	Price	Expiry Date
3,817,500	$ 0.50	February 16, 2011
2,873,990	$ 0.18	February 16, 2011
6,691,490		

During the six months ended November 30, 2010 and 2009, no warrants were exercised, cancelled or expired.

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

1) February 16, 2008; or
2) The 90th day after the day on which the weighted average trading price of the Company's shares exceeds $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 (1) or (2) as described above. The Series "A" Share Purchase Warrants were originally issued in 2004 pursuant to a private placement commenced in February 2004.

On February 7, 2008, the Company extended the expiry date of the 3,817,500 Series A Share Purchase Warrants from February 16, 2008 to February 16, 2009. The exercise price of the warrants remains unchanged at $0.50 per share. The additional fair value of the 3,817,500 extended life Series A Share Purchase Warrants was estimated at $252,989, by using the Black-Scholes Option Pricing Model with the following weighted average assumptions: dividend yield of 0%, expected volatility of 218.52%, risk free interest rates of 2.08% and expected life of one year.

On February 6, 2009, the Company re-extended the expiry date of 3,817,500 Share Purchase Warrants (the Series "A" Share Purchase Warrants) from February 16, 2009 to February 16, 2010. The exercise price of the warrants remains unchanged at $0.50 per share. The additional fair value of the 3,817,500 extended life Series A Share Purchase Warrants was estimated at $35,593 using the Black-Scholes Option Pricing Model with the following weighted average assumptions: dividend yield of 0%, expected volatility of 223.36%, risk free interest rates of 0.82% and expected life of one year.

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Note 5 Capital Stock - (cont d)

c) Share Purchase Warrants - (cont d)

On February 12, 2010, the Company re-extended the expiry date of 3,817,500 Share Purchase Warrants (the Series "A" Share Purchase Warrants) from February 16, 2010 to February 16, 2011. The exercise price of the warrants remains unchanged at $0.50 per share. The additional fair value of the 3,817,500 extended life Series A Share Purchase Warrants was estimated at $44,283 using the Black-Scholes Option Pricing Model with the following weighted average assumptions: dividend yield of 0%, expected volatility of 244%, risk free interest rates of 0.56% and expected life of one year.

On February 7, 2008, the Company extended the expiry date of the 2,873,990 Series C Share Purchase Warrants from February 29, 2008 to February 27, 2009. The exercise price of the warrants remained unchanged at $0.18 per share. The additional fair value of the 2,873,990 extended life Series C Share Purchase Warrants was estimated at $156,536, by using the Black-Scholes Option Pricing Model with the following weighted average assumptions: dividend yield of 0% expected volatility of 222.09%, risk-free interest rates of 2.08% and expected life of one year.

The Company also re-extended the expiry date of 2,873,990 Share Purchase Warrants (the Series "C" share purchase Warrants) from February 27, 2009 to February 26, 2010. The exercise price of the warrants remains unchanged at $0.18 per share. The Series "C" Share Purchase Warrants were originally issued in September 2006 pursuant to a private placement commenced in August 2006. The additional fair value of the 2,873,990 extended life Series C Share Purchase Warrants was estimated at $48,259 using the Black-Scholes Option Pricing Model with the following weighted average assumptions: dividend yield of 0% expected volatility of 244.01%, risk-free interest rates of 0.82% and expected life of one year.

The Company also re-extended the expiry date of 2,873,990 Share Purchase Warrants (the Series "C" share purchase Warrants) from February 26, 2010 to February 16, 2011. The exercise price of the warrants remains unchanged at $0.18 per share. The additional fair value of the 2,873,990 extended life Series C Share Purchase Warrants was estimated at $47,421 using the Black-Scholes Option Pricing Model with the following weighted average assumptions: dividend yield of 0% expected volatility of 244%, risk-free interest rates of 0.56% and expected life of one year.

As of November 30, 2010, the Company has a total of 3,817,500 Series A and 2,873,990 Series C share purchase warrants outstanding, respectively.

Note 6 Foreign Currency Risk

The Company is exposed to fluctuations in foreign currencies through amounts held in China in RMB:

- Cash held in trust $34 (May 31, 2010 - $33)

The Company is exposed to fluctuations in foreign currencies through amounts held in Canada in CAD:

- Cash $94,248 (May 31, 2010 - $105,544)

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and related notes for the year ended May 31, 2010 , the financial statements and related notes in this Quarterly Report, the risk factors in our 10K for the year ended May 31, 2010 , and all of the other information contained elsewhere in this report.

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

Forward-Looking Statements. When used in this Form 10-Q, the words believe , may , will , plan , estimate , c
anticipate , intend , expect , project , estimates , and similar expressions are intended to identify forward-lo
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.

Overview

On October 18, 2010, Sterling signed two agreements (the "Agreements") with Chenxi County Hongyu Mining Co. Ltd. ("Hongyu") and its shareholders ("Hongyu Shareholders") regarding the Gaoping phosphate mine (the "GP Property") located in Tanjiaxiang, Chenxi County, Hunan Province, China and other phosphate resources in Hunan Province. Hongyu holds a business license and a mining permit on the GP Property which is in effect until November 10, 2014 and covers 42.5 hectares encompassing the GP Property. The Agreements also require an investment company to be incorporated in Hong Kong (the "Investment Company") which will be owned 20% by the Hongyu Shareholders and 80% by Sterling. The Investment Company will acquire 90% of Hongyu. Upon completion of this acquisition, Hongyu will become a Hong Kong / China joint venture company and within five business days of the approval of such joint venture company by the appropriate Chinese authorities, Sterling will pay RMB 2,000,000 to the Hongyu Shareholders. During the acquisition phase, Sterling will ensure that Hongyu's assets retain a minimum value of RMB 5,000,000. At any time when requested by Sterling, the Hongyu Shareholders agree to sell their 20% interest in the Investment Company to Sterling for the issuance of 10,000,000 common shares of Sterling's capital stock to them all subject to the rules and requirements of the US regulatory bodies bearing jurisdiction. If Sterling does not complete taking over Hongyu through the Investment Company within three months after signing the Agreements, Sterling shall pay RMB 200,000 to the Hongyu Shareholders as down payment. The Company paid RMB 200,000 to the Hongyu shareholders on December 14, 2010.

Pursuant to the Agreements, Hongyu agrees to surrender its future exclusive cooperative rights to Sterling, and the Hongyu Shareholders agree that Sterling shall have all Hongyu's title and interest in any phosphate properties, including but not limited to the GP Property, and Sterling shall arrange for the financing of building a mining and processing plant on the GP Property together with other facilities required for a mining operation thereon.

During the quarter, Silver Castle Investment Limited incorporated in Hong Kong has been set up. The acquisition of Hongyu is in process.

On November 10, 2010, Sterling signed a letter of intent (the "LOI") with Shimen County Merchants Bureau, Hunan Province, China regarding the development of Shimen Phosphate Mine.

Under the terms of the LOI, Sterling will conduct due diligence on the Shujiatai phosphate property located in Shimen County, Hunan Province, China (the "SM Property") within one and half years and update any Chinese study reports if necessary to build a mining, processing and chemical plant. After the due diligence is completed, Sterling will set up a joint venture in Shimen County for developing the SM Property.

Business of Sterling Group Ventures Inc.

Sterling is an exploration stage company, and its objective is to become a recognized leader in mineral property acquisition, exploration, development and production. The Company acquires the GP phosphate Property and intents to develop the SM phosphate property for the exploration and production of phosphate.

Application of Critical Accounting Policies and Use of Estimates

Our consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires that we make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances. We evaluate our estimates and assumptions on an ongoing basis. Our actual results may differ significantly from these estimates under different assumptions or conditions. There have been no material changes to these estimates for the periods presented in this quarterly report.

Interim Reporting

The information presented in the accompanying interim consolidated financial statements is without audit pursuant to the rules and regulations of the SEC. Certain information and footnote disclosures normally included in the interim consolidated financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations, although we believe that the disclosures are adequate to make the information presented not misleading.

These statements reflect all adjustments, which are, in the opinion of management, necessary to present fairly the financial position, results of operations and cash flows for the interim periods presented in accordance with accounting principles generally accepted in the United States of America. Except where noted, the interim consolidated financial statements follow the same accounting policies and methods of their application as our May 31, 2010 annual consolidated financial statements. All adjustments are of a normal recurring nature. It is suggested that these interim consolidated financial statements be read in conjunction with our May 31, 2010 annual consolidated financial statements.

Operating results for the three months and six months ended November 30, 2010 are not necessarily indicative of the results that can be expected for the year ending May 31, 2011.

Results Of Operations

The operating loss increased to $34,335 for the quarter ended November 30, 2010, as compared to $29,182 for the quarter ended November 30, 2009 mainly due to the increase of mineral property costs and foreign exchange loss in 2010. The operating loss for six months ended November 30, 2010 decreased to $70,482 as compared to $78,803 for the six months ended November 30, 2009 mainly due to the decrease of rental and legal fees in 2010.

Accounting, audit and legal fees decreased by $2,370 for the three months ended November 30, 2010 when compared to the same period in 2009. Accounting, audit and legal fees decreased by $5,761 for the six months ended November 30, 2010 when compared to the same period in 2009.

Foreign exchange loss increased by $5,344 for the three months ended November 30, 2010 when compared to the same period in 2009. Foreign exchange loss increased by $174 for the six months ended November 30, 2010 when compared to the same period in 2009.

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General and administrative decreased by $3,095 for the three months ended November 30, 2010 when compared to the same period in 2009. General and administrative decreased by $4,938 for the six months ended November 30, 2010 when compared to the same period in 2009.

Mineral property costs increased by $4,437 for the three months ended November 30, 2010 when compared to the same period in 2009. Mineral property costs decreased by $257 for the six months ended November 30, 2010 when compared to the same period in 2009.

Investor relations costs increased by $3,278 for the three months and six months ended November 30, 2010 when compared to the same period in 2009.

The Company expects the trend of losses to continue until we can achieve commercial production on some of the mineral properties, of which there can be no assurance as described in Risk Factors.

Liquidity And Working Capital

As of November 30, 2010, the Company had total current assets of $150,542 and total liabilities of $546,941. As of November 30, 2010, the Company had cash totaling $144,383, which includes cash held in trust, and negative working capital of $396,399.

Cash used in operating activities for the six months ended November 30, 2010 was $48,165 as compared to cash used in operating activities for the same period in 2009 of $39,369. The increase in cash used in operating activities was primarily due to the increase in cash expenditures for investor relations, and mineral property costs, as well as the increase of foreign exchange loss.

According to the agreement signed with Zhongchuan on July 8, 2008, Mianping will repay the Company RMB 6,000,000 ($875,000) and Monte Sea Shareholders shall subscribe for 5,000,000 units (the "Units") to be issued by the Company at $0.15 per unit. As a result, the Company expects to raise working capital in the amount of $750,000 and a total of $1,625,000 including the repayment of approximately RMB 6,000,000 described earlier to meet its short term working capital requirements.

However, in July 2009, the Company received verbal termination of the Agreement with Zhong Chuan, as advised by third party legal counsel, at a meeting in Beijing, China. Formal written notice has not been received from Zhong Chuan. The Agreement in effect, allows Zhong Chuan to terminate the Agreement if it pays the Company double the amount of funds paid by the Company to date to secure and develop the DXC Project. Zhong Chuan has not repaid the required amount as anticipated by the Agreement to date. This unfortunate delay on the part of Zhong Chuan places the termination it gave the Company in dispute as the termination is conditional upon repayment of the required funds. At this point then, the termination is incomplete. The Company is pursuing Zhong Chuan to complete the termination, as the Company deems, is mandated by the Agreement.

The Company has no other capital resources other than the ability to use its common stock to raise additional capital or the exercise of the warrants by the unit holders. The Company's current cash can provide the Company with working capital for over one year since consulting fees are being reduced and accrued. Estimated cash needed for next 12 months is about $80,000. The cash will be mainly used for general administrative, corporate (legal, accounting and audit), financing and management.

Since December 2010, the Company is working to arrange a private placement of up to 15,000,000 units at $0.10 per unit for total proceeds of $1,500,000 as described in ITEM 2 of PART II. The Company has received proceeds of $405,000 subsequent to November 30, 2010; however, no shares have been issued.

No other commitments to provide additional funds have been made by management or other stockholders except as set forth above. Accordingly, there can be no assurance that any additional funds will be available to the Company to allow it to cover operation expenses. This raises substantial doubt that the Company will be able to continue as a going concern unless additional capital is raised.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

In addition to the U.S. Dollar, we conduct our business in Chinese Yuan (RMB) and Canadian Dollar and, therefore, are subject to foreign currency exchange risk on cash flows related to expenses and investing transactions. In July 2005, the Chinese government began to permit the Chinese Yuan to float against the U.S. Dollar. All of our costs to operate our Chinese project are paid in Chinese Yuan and all of our costs to operate our principal executive office in Canada are paid in Canadian dollar. Our exploration costs in China may be incurred under contracts denominated in Chinese Yuan or U.S. Dollars. If the Chinese Yuan continues to appreciate with respect to the U.S. Dollar, our costs in China may increase. If the Canadian Dollar continues to appreciate with respect to the U.S. Dollar, our costs in Canada may increase. To date we have not engaged in hedging activities to hedge our foreign currency exposure. In the future, we may enter into hedging instruments to manage our foreign currency exchange risk or continue to be subject to exchange rate risk.

Although inflation has not materially impacted our operations in the recent past, increased inflation in China or Canada could have a negative impact on our operating and general and administrative expenses, as these costs could increase. China has recently experienced inflationary pressures, which could increase our costs associated with our operations in China. If there are material changes in our costs, we may seek to raise additional funds earlier than anticipated.

ITEM 4. CONTROLS AND PROCEDURES

a. Evaluation of Disclosure Controls and Procedures:

We carried out an evaluation, under the supervision and with the participation of our management, including our chief executive officer and chief financial officer, of the effectiveness of our disclosure controls and procedures as defined in Rule 13a-15(e) of the Exchange Act as of the end of the period covered by this Quarterly Report on Form 10-Q. Based upon that evaluation, our chief executive officer and chief financial officer concluded that our disclosure controls and procedures were effective as of the end of the period covered by this report..

b. Changes in Internal Control over Financial Reporting:

There were no changes in our internal control over financial reporting that occurred during the period covered by this Quarterly Report on Form 10-Q that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

None

ITEM 1A. 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.

Factors That May Affect Future Results and Market Price of Stock

The business of the Company involves a number of risks and uncertainties that could cause actual results to differ materially from results projected in any forward-looking statement, or statements, made in this report. These risks and uncertainties include, but are not necessarily limited to the risks set forth below. The Company's securities are speculative and investment in the Company's securities involves a high degree of risk and the possibility that the investor will suffer the loss of the entire amount invested.

Limited Operating History; Anticipated Losses; Uncertainty of Future Results (Risk of Going Concern)

Sterling is in the exploration stage. The Company has entered into joint venture agreements to explore and develop mineral properties located in China and has not yet determined whether these properties contain reserves that are economically recoverable. The Company has not yet achieved profitable operations and is dependent on its ability to raise capital from shareholders or other sources to meet its obligations and repay its liabilities arising from normal business operations when they come due. These factors raise substantial doubt that the Company will be able to continue as a going concern.

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.

The company s exploration properties have not been examined in the field by professional geologists or mining engineers. 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.

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 and is listed on Berlin Bremen Stock Exchange under the symbol GD7. As of November 30, 2010, there were 43,826,175 shares of common stock outstanding. There can be no assurance that a trading market will be sustained in the future.

Dependence on Executive Officers and Technical Personnel

The success of our business plan depends on attracting qualified personnel, and failure to attract and 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, the Company has 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.

Dilution to the Existing Shareholders

The Company has no other capital resources other than the ability to use its common stock to raise additional capital or the exercise of the warrants by the unit holders. Pursuant to the agreement signed on October 18, 2010 with Hongyu, the Company shall cause 10,000,000 shares to be issued to Hongyu Shareholders for the GP phosphate project, which will significantly dilute the Company's stockholders.

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 fertilizer prices.

Other Risks and Uncertainties

The business of mineral deposit exploration and development involves a high degree of risk. Few properties that are explored are ultimately developed into production. 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.

Since October 2008, a severe general downturn in the U. S. economy and global economy slowdown which already affected the securities markets took place. Such a deleterious turn of events has made it much more difficult for the Company to access financing should it be required to do so.

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

Since December 2010, the Company is working to arrange a private placement of up to 15,000,000 units at $0.10 per unit for total proceeds of $1,500,000. Each unit consists of one common share and one share purchase warrant entitling the holder to purchase one common share for one year at $0.15 per share. The proceeds from this private placement will be used for the phosphate projects in Hunan, China and general working capital. A 7% finder's fee may be paid in units with the same term.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None

ITEM 4. (REMOVED AND RESERVED)

None

ITEM 5. OTHER INFORMATION

None

ITEM 6. EXHIBITS

Exhibits required to be attached by Item 601 of Regulation S-K are listed in the Index to Exhibits beginning on page 24 of this Quarterly Report on Form 10-Q, which is incorporated herein by reference.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Sterling Group Ventures Inc.

/s/ Raoul Tsakok
Raoul Tsakok, Chairman and Chief Executive Officer

Date: January 10, 2011

/s/ Richard Shao
Richard Shao, President and Chief Financial Officer

Date: January 10, 2011

INDEX OF EXHIBITS

Exhibit Number	Description
3.1	Articles of Incorporation of the Company, (filed as Exhibit 3.1 to the Company's Registration Statement on Form SB-2 filed on July 26, 2002, and incorporated herein by reference).
3.2	Bylaws of the Company (filed as Exhibit 3.2 to the Company's Registration Statement on Form SB-2 filed on July 26, 2002, and incorporated herein by reference).
4.1	Specimen stock certificate (filed as Exhibit 4.1 to the Company's Registration Statement on Form SB-2 filed on July 26, 2002, and incorporated herein by reference).
10.1	Acquisition Agreement between the Company and Micro Express Ltd., dated January 20, 2004. (Filed as Exhibit 10.1 to the Company's current report on Form 8-K filed on January 29, 2004, and incorporated herein by reference).
10.2	Joint Venture Contract between Micro Express Ltd. .(the Company s wholly subsidiary) and Sichuan Province Mining Ltd., dated April 5, 2005 (Filed as Exhibit 10.1 to the Company's current report on Form 8-K filed on April 11, 2005, and incorporated herein by reference).
10.3	Agreement for Development of DXC Salt Lake Property between Micro Express Holdings Inc. .(the Company s wholly subsidiary) and Beijing Mianping Salt Lake Research Institute, dated September 16, 2005 (Filed as Exhibit 10.1 to the Company's current report on Form 8-K filed on September 21, 2005, and incorporated herein by reference).
10.4	Agreement for Termination of Joint Venture between Micro Express Ltd. and Sichuan Province Mining Ltd., dated March 3, 2006 (Filed as Exhibit 10.1 to the Company's current report on Form 8- K filed on March 6, 2006, and incorporated herein by reference).
10.5	Agreement between the Company, Zhong Chuan International Mining Holding Co., Ltd. , and shareholders of Monte Sea Holdings Ltd., dated July 8, 2008 (Filed as Exhibit 10.1 to the Company's current report on Form 8-K filed on July 15, 2008, and incorporated herein by reference).
10.6	Agreement between the Company, Hongyu Mining Co., Ltd. , and shareholders of Hongyu Mining Co., Ltd., dated October 18, 2010 (Filed as Exhibit 10.1 to the Company's current report on Form 8-K filed on October 21, 2010, and incorporated herein by reference).
10.7	Letter of Intent between the Company and Shimen County Merchants Bureau, dated November 10, 2010 (Filed as Exhibit 10.1 to the Company's current report on Form 8-K filed on November 16, 2010, and incorporated herein by reference).
14.1	Code of Ethics. (Filed as Exhibit 14.1 to the Company's Annual report on Form 10-K filed on August 28, 2009, and incorporated herein by reference)
31.1	Certification of Chief Executive Officer under Section 302 of the Sarbanes-Oxley Act of 2002. Filed herewith.
31.2	Certification of Chief Financial Officer under Section 302 of the Sarbanes-Oxley Act of 2002. Filed herewith.
32.1	Certification of Chief Executive Officer Pursuant to 18 U.S.C. Sec. 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. Filed herewith.
32.2	Certification of Chief Financial Officer Pursuant to 18 U.S.C. Sec. 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. Filed herewith.
99.1	Audit Committee Charter. (Filed as Exhibit 99.1 to the Company's Annual report on Form 10-K filed on August 28, 2009, and incorporated herein by reference)