STERLING GROUP VENTURES INC
Form 10-Q
April 14, 2016

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 **February 29, 2016.**

[ ] 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.)

904 - 1455 Howe Street, Vancouver, B.C. Canada V6Z 1C2
(Address of principal executive offices) (Zip Code)

(604) 684-1001
(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 has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).
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 April 13, 2016.

Title of each class	**Number of shares**
Common Stock, par value $0.001 per share	75,730,341

STERLING GROUP VENTURES, INC.
FORM 10-Q
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PART I. - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS (UNAUDITED)

STERLING GROUP VENTURES, INC.
CONDENSED INTERIM CONSOLIDATED BALANCE SHEETS
February 29, 2016 and May 31, 2015

Stated in U.S. dollars		**February 29, 2016** (Unaudited)		**May 31, 2015** (Audited)
ASSETS				
Current Assets				
Cash and cash equivalents	$	1,242,288	$	1,433,109
GST receivable		3,587		4,888
Prepaid expenses and other receivable		16,293		7,874
Total current assets		1,262,168		1,445,871
Equipment - Note 4		78,978		108,309
Environmental deposit		120,460		127,393
Mineral Properties		3,148,740		3,148,740
Total Assets	$	4,610,346	$	4,830,313
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current Liabilities				
Accounts payable and other accrued liabilities - Note 5	$	408,446	$	420,973
Deferred income tax liability		732,687		732,687
Total Liabilities		1,141,133		1,153,660
Stockholders' Equity				
Common Stock : $0.001 Par Value				
Authorized : 500,000,000				
Issued and Outstanding : 75,730,341 (May 31, 2015: 75,730,341)		75,730		75,730
Additional Paid In Capital		10,831,422		10,831,422
Accumulated Other Comprehensive Loss		(582)		(582)
Accumulated deficit		(7,437,357)		(7,229,917)
Total Stockholders' Equity		3,469,213		3,676,653
Total Liabilities and Stockholders' Equity	$	4,610,346	$	4,830,313

STERLING GROUP VENTURES, INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS
For the three months and nine months ended February 29, 2016 and February 28, 2015
(Unaudited)

	Three months ended		Nine months ended	
Stated in U.S. dollars	**February 29, 2016**	**February 28, 2015**	**February 29, 2016**	**February 28, 2015**
Expenses				
Accounting, audit, legal and professional fees	$ 14,066	$ 14,187	$ 59,592	$ 66,205
Bank charges	96	133	323	501
Consulting fees - Note 5	4,835	5,424	14,913	17,335
Depreciation - Note 4	7,261	11,189	24,837	33,839
Filing fees and transfer agent	1,348	1,111	7,514	8,179
General and administrative	605	614	1,894	1,156
Mineral property costs - Note 3	22,912	36,937	83,146	112,564
Shareholder information and investor relations	1,875	2,025	4,500	6,334
	(52,998)	(71,620)	(196,719)	(246,113)
Other items				
Interest income	3,684	4,986	11,121	15,727
Finance expense	-	(107,006)	-	(107,006)
Foreign exchange gain(loss)	(10,245)	54	(21,842)	24,704
	(6,561)	(101,966)	(10,721)	(66,575)
Net loss and Comprehensive loss for the period	$ (59,559)	$ (173,586)	$ (207,440)	$ (312,688)
Basic and diluted loss per share	$ (0.00)	$ (0.00)	$ (0.00)	$ (0.00)
Weighted average number of shares outstanding	75,730,341	75,730,341	75,730,341	75,730,341

See accompanying notes to consolidated financial statements

STERLING GROUP VENTURES, INC.
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
For the nine months ended February 29, 2016 and year ended May 31, 2015
(Unaudited)

Stated in U.S. dollars	Common Shares	Stock Amount At Par Value	Additional Paid In Capital	Accumulated Other Comprehensive Loss	Deficit Accumulated During The Exploration Stage	Total
Balance, May 31, 2014	75,730,341	$ 75,730	$ 10,724,416	$ (582)	$ (6,859,585)	$ 3,939,979
Revaluation of share purchase warrants	-	-	107,006	-	-	107,006
Net loss for the year	-	-	-	-	(370,332)	(370,332)
Balance, May 31, 2015	75,730,341	75,730	10,831,422	(582)	(7,229,917)	$ 3,676,653
Net loss for the period	-	-	-	-	(207,440)	(207,440)
Balance, February 29, 2016	75,730,341	$ 75,730	$ 10,831,422	$ (582)	$ (7,437,357)	$ 3,469,213

See accompanying notes to consolidated financial statements

STERLING GROUP VENTURES, INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
For the nine months ended February 29, 2016 and February 28, 2015
(Unaudited)

	Nine months ended	
Stated in U.S. dollars	**February 29, 2016**	**February 28, 2015**
Cash flows from operating activities		
Net loss for the period	$ (207,440)	$ (312,688)
Adjustments to reconcile net loss to net cash used in operating activities		
Depreciation	24,837	33,839
Stock based compensation	-	107,006
Foreign exchange	12,700	662
Changes in non-cash working capital items		
GST receivable	1,301	16,059
Prepaid expenses and other receivable	(8,967)	(15,420)
Accounts payable and accrued liabilities	6,094	(786)
Net cash used in operating activities	(171,475)	(171,328)
Cash flows from investing activities		
Additions to equipment	(737)	(397)
Net cash used in investing activities	(737)	(397)
Cash flows from financing activities		
Amounts (repaid to) a director	(18,609)	(35,794)
Net cash used in financing activities	(18,609)	(35,794)
Net decrease in cash and cash equivalents	(190,821)	(207,519)
Cash and cash equivalents - beginning of period	1,433,109	1,673,448
Cash and cash equivalents - end of period	$ 1,242,288	$ 1,465,929
Supplemental Information :		
Cash paid for :		
Interest	$ -	$ -
Income taxes	$ -	$ -

See accompanying notes to consolidated financial statements

Sterling Group Ventures, Inc.
Notes to the Condensed Consolidated Financial Statements
February 29, 2016 (Unaudited)
(Stated in US Dollars)

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

Sterling Group Ventures, Inc. was incorporated in the State of Nevada on September 13, 2001 and its fiscal year-end is May 31. On January 20, 2004, the Company acquired all of the issued and outstanding shares of Micro Express Ltd. (Micro), which was incorporated on July 27, 1994. The business combination was accounted for as a reverse acquisition whereby the purchase method of accounting was used with Micro being the accounting acquirer and the Company being the accounting subsidiary.

Sterling Group Ventures, Inc. (the Company) 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 recoverability of amounts from these properties will be dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain necessary financing to satisfy the expenditure requirements under the joint venture agreements and to complete the development of the properties and upon future profitable production or proceeds from the sale thereof.

These 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 fiscal year. Realization values may be substantially different from carrying values as shown as these 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. The Company incurred a net loss of $207,440 during the period ended February 29, 2016 and, as at that date, had a cumulative loss of $7,437,357 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.

The information presented in the accompanying condensed 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 condensed 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 condensed interim consolidated financial statements follow the same accounting policies and methods of their application as our May 31, 2015 annual consolidated financial statements. All adjustments are of a normal recurring nature. It is suggested that these condensed interim consolidated financial statements be read in conjunction with our May 31, 2015 annual consolidated financial statements.

Operating results for the nine months ended February 29, 2016 are not necessarily indicative of the results that can be expected for the year ending May 31, 2016.

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, Silver Castle Investments Limited (Silver Castle) and its 100% controlled subsidiary, Chenxi County Hongyu Mining Co. Ltd. ("Hongyu"). All inter-company transactions and account balances have been eliminated.

Sterling Group Ventures, Inc.
Notes to the Condensed Consolidated Financial Statements
February 29, 2016 (Unaudited)
(Stated in US Dollars)

Note 2 Recent Accounting Pronouncements

In April 2015, the FASB issued ASU 2015-03, Interest Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs, which changes the presentation of debt issuance costs in the financial statements. Under the ASU, an entity should present such costs in the balance sheet as a direct deduction from the related debt liability rather than as an asset. Amortization of the costs is reported as interest expense. This new guidance is effective for annual reporting periods (including interim reporting periods within those periods) beginning after December 15, 2015; early adoption is allowed for all entities for financial statements that have not been previously issued. Entities would apply the new guidance retrospectively to all prior periods. The Company is currently evaluating the potential impact of adoption of this guidance on its consolidated financial statements.

In August, 2014, the FASB issued ASU 2014-15, Disclosure of Uncertainties About an Entity s Ability to Continue as a Going Concern, which provides guidance on determining when and how to disclose going-concern uncertainties in the financial statements. The new standard requires management to perform interim and annual assessments of an entity s ability to continue as a going concern within one year of the date the financial statements are issued. An entity must provide certain disclosures if conditions or events raise substantial doubt about the entity s ability to continue as a going concern. The ASU applies to all entities and is effective for annual periods ending after December 15, 2016, and interim periods thereafter, with early adoption permitted.

In June 2014, the FASB issued Accounting Standard Update (ASU) 2014-12, Accounting for Share-Based Payments When the Terms of an Award Allow a Performance Target to Be Achieved After the Requisite Service Period, which requires that a performance target that could be achieved after the requisite service period be treated as a performance condition that affects the vesting of the award. The amendments in ASU 2014-12 are effective for annual periods and interim periods within those annual periods beginning after December 15, 2015. Early adoption is permitted. Entities may apply the amendments in ASU 2014-12 either: (i) prospectively to all awards granted or modified after the effective date; or (ii) retrospectively to all awards with performance targets that are outstanding as of the beginning of the earliest annual period presented in the financial statements and to all new or modified awards thereafter. The Company is currently evaluating the potential impact of the adoption of this guidance on its consolidated financial statements.

Note 3 Mineral Properties

A summary of mineral property costs for the cumulative period ended February 29, 2016 and year ended May 31, 2015 were incurred and accounted for in the consolidated statement of operations as follows:

Balance, May 31, 2014	$ 921,163
Administrative	17,682
Consulting fees	28,307
Engineering	2,181
Mining permit	12,925
Travel & promotion	32,857
Wages and benefits	59,586
Balance, May 31, 2015	$ 1,074,701
Administrative	2,765
Consulting fees	14,170
Mining permit	10,668
Travel & promotion	10,975
Wages and benefits	44,568

Balance, February 29, 2016	$ 1,157,847

Sterling Group Ventures, Inc.
Notes to the Condensed Consolidated Financial Statements
February 29, 2016 (Unaudited)
(Stated in US Dollars)

a) Gaoping Phosphate Property

During the period ended February 29, 2016, the Company incurred mineral property expenditures of $83,146 (February 28, 2015: $112,564). As of February 29, 2016, the Company has incurred total mineral property costs of $1,157,847 (May 31, 2015: $1,074,701) on this property which have been expensed to the statement of operations as disclosed in the table above.

Note 4 Equipment

	February 29, 2016			May 31, 2015		
	Cost	Accumulated Depreciation	Net Book Value	Cost	Accumulated Depreciation	Net Book Value
Computer equipment	$ 14,752	$ 13,988	$ 764	$ 14,126	$ 13,809	$ 317
Automobile	56,977	45,295	11,682	60,256	38,801	21,455
Office equipment	3,395	3,395	-	3,590	3,590	-
Machinery	155,665	89,133	66,532	164,625	78,088	86,537
	$ 230,789	$ 151,811	$ 78,978	$ 242,597	$ 134,288	$ 108,309

The depreciation for the period ended February 29, 2016 was $24,837 (February 28, 2015: $33,839).

Note 5 Related Party Transactions

The Company was charged consulting fees for administrative, corporate, financial, engineering, and management services during the period ended February 29, 2016 totalling $13,435 (February 28, 2015: $15,817) by companies controlled by a director of the Company.

Included in accounts payable and accrued liabilities is $396,541 (May 31, 2015: $415,150) which was due to companies controlled by the directors for their services provided in previous years.

Note 6 Capital Stock

a) Capital Stock

There was no share issuance during the period ended February 29, 2016 and year ended May 31, 2015.

b) Stock Options

There were no stock options granted during the period ended February 29, 2016 and year ended May 31, 2015.

At February 29, 2016, there were 5,200,000 stock options (May 31, 2015: 5,200,000) outstanding and exercisable with an exercise price at $0.25 each expiring on February 3, 2019, with an aggregate intrinsic value of $nil (May 31, 2015: $nil) and a weighted average remaining contractual term of 2.93 years (May 31, 2015: 3.68 years).

Sterling Group Ventures, Inc.
Notes to the Condensed Consolidated Financial Statements
February 29, 2016 (Unaudited)
(Stated in US Dollars)

c) Share Purchase Warrants

At February 29, 2016, there were 24,570,000 share purchase warrants (May 31, 2015: 24,570,000) outstanding and exercisable with weighted average exercise price at $0.204.

Series	Number	Price	Expiry Date
"A"	3,817,500	$ 0.50	February 17, 2017
"D"	20,752,500	$ 0.15	February 17, 2017
	24,570,000		

Note 7 Foreign Currency Risk

The Company is exposed to fluctuations in foreign currencies through amounts held in China in RMB: Cash and cash equivalents $428,597 (May 31, 2015 - $465,187).

The Company is exposed to fluctuations in foreign currencies through amounts held in Canada in CAD: Cash $51,548 (May 31, 2015 - $3,076).

The Company is exposed to fluctuations in foreign currencies through amounts held in Hong Kong in HKD: Cash $95 (May 31, 2015 - $110).

Note 8 Segment Information

The Company operates in Canada and China, with operations in the mineral resources sector. The Company s assets are allocated to each country as follows:

	February 29, 2016			May 31, 2015		
	Canada	China	Total	Canada	China	Total
Cash and cash equivalents	$ 69,592	$ 1,172,696	$ 1,242,288	$ 174,003	$ 1,259,106	$ 1,433,109
Prepaid expense and receivable	7,337	12,543	19,880	5,638	7,124	12,762
Equipment	187	78,791	78,978	286	108,023	108,309
Environmental deposit	-	120,460	120,460	-	127,393	127,393
Mineral properties	-	3,148,740	3,148,740	-	3,148,740	3,148,740
	$ 77,116	$ 4,533,230	$ 4,610,346	$ 179,927	$ 4,650,386	$ 4,830,313

Note 9 Subsequent Event

On April 9, 2016, the Company signed an agreement with Chenguo Capital Limited (Chenguo) of 50th Floor, Bank of China Tower, 1 Garden Road, Central, Hong Kong, SAR, a company owned by Mr. Hanwei Guo of China, an entrepreneur with interests in real estate and investments in China. As a result of the transaction, the Company will diversify to also become a timeshare exchange provider, a manager of timeshare assets through agreements, and a developer of timeshare assets with fee relationships with other organizations or resorts.

Under the terms of the agreement, the Company acquires Euro Asia Premier Real Estate (HK) Ltd (Euro Asia (HK)), based in Hong Kong and which is owned by Chenguo, to be used as a vehicle in the development of a leisure timeshare exchange platform to be operated in China and in other parts of the world to take advantage of interest and outflow of tourism from China. The Company will deploy US$ 1 million of its cash in order to speed up the development of the aforementioned leisure timeshare exchange platform.

Sterling Group Ventures, Inc.
Notes to the Condensed Consolidated Financial Statements
February 29, 2016 (Unaudited)
(Stated in US Dollars)

Chenguo also owns the rights to 2 hotels currently under completion and a parcel of land in Weifang, Shandong Province. According to appraisals done in 2011 by DTZ, a global real-estate appraisal and valuation company that recently merged with Cushman Wakefield, the properties were appraised at a combined value of 327 million RMB or approximately US$50.6 million. These properties are presently finalizing a court approved auction process due to a default on loans advanced by Mr. Guo through a trust company, under which Euro Asia (HK) will either receive the proceeds from the auction, if the assets are sold for fair market value, or the titles to the properties. These properties or the cash received from auction shall be reorganized into Euro Asia (HK), which the Company has acquired. If the properties are acquired and vested to the Company and/or its subsidiary, we will then sell the properties as timeshare units at an expected premium above appraised value. The properties will be organized and securitized into retail timeshares and will be entered into the timeshare exchange network currently under development and which will be owned by the Company.

Chenguo will also offer to the Company other assets it owns, in full or in part, including other leisure property or third party assets it is presently negotiating to be included in the platform. The Company will agree to become the exclusive seller of these properties. It is projected that the Company will only repay 75% of the properties   appraised values.

Under the terms of the agreement, the Company will issue 85,000,000 shares to Chenguo in escrow, so that Chengguo will own a significant portion of the Company on a proforma basis. The escrow arrangement contemplates that if within 9 months the Shandong properties or the rights to sell other assets have not been reorganized into a subsidiary of Euro Asia (HK), 50% of the shares in escrow will be cancelled. In addition, Chenguo will reimburse up to $1 million USD to the Company. If this persists to 18 months, the remaining shares in escrow will be cancelled and the obligations of both parties will be null and void.

The Company will also issue to Chenguo redeemable, voting, non-interest bearing, convertible, preferred shares in escrow. These preferred shares shall be redeemable for cash equal to 75% of the appraised value of the aforementioned properties and will be convertible at no less than US$0.50/share. Redemption will be subject to adequate discretionary cash on hand to continue operations. Any proceeds in excess of this amount will be retained as an asset of the Company.

In order the aid in the financing of the project, Chenguo has also agreed to a US$3 million private placement at US$0.15 to close on or before August 1, 2016. Mr. Hanwei Guo has also agreed to join the Board.

A finder s fee of 8 million shares will be paid.

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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, 2015, the financial statements and related notes in this Quarterly Report for the period ended February 29, 2016, the risk factors in our 10K for the year ended May 31, 2015, 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

Business of Sterling Group Ventures Inc.

Sterling is a natural resource company engaged in acquisition and exploration of mineral properties. At present, the Company has acquired the Gaoping phosphate Property and is exploring for phosphate concentrate. It continues to seek out other projects to add value to the Company.

Gaoping Phosphate Property

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 Tanjiachang village, Chenxi County, Hunan Province, China and other phosphate resources in Hunan Province. Hongyu holds a business license and a mining permit in the GP Property which is in effect until November 10, 2014 and covers 42.5 hectares. On April 29, 2015, Hongyu obtained the renewal of the mining permit, which is valid until April 2, 2018.

The Agreements required an investment company to be incorporated in Hong Kong (the "Investment Company") which was to be owned 20% by the Hongyu Shareholders and 80% by Sterling. On October 13, 2010, the Investment Company was incorporated in Hong Kong under the name Silver Castle Investments Ltd. ("Silver Castle"). Silver Castle acquired 90% of Hongyu and the other 10% of Hongyu was transferred to the nominees of Sterling. During the acquisition phase, Sterling ensured that Hongyu's net assets retained a minimum value of RMB 5,000,000 ($771,545). Upon completion of this acquisition, Hongyu became a Hong Kong / China joint venture company. Sterling received all required approvals from Chinese authorities for the completion of its acquisition of Hongyu pursuant to the Agreements dated October 18, 2010. Sterling paid a total RMB 2,000,000 ($310,438) to the Hongyu Shareholders with RMB 200,000 (US$30,934) paid as down payment on December 14, 2010 and the remaining RMB1,800,000 ($279,504) paid on July 8, 2011 for completion of the transaction.

Pursuant to the Agreements, Hongyu agreed to surrender its future exclusive cooperative rights to Sterling, and the Hongyu Shareholders agreed that Sterling shall have all Hongyu's title and interest in any phosphate properties, including but not limited to the GP Property, and Sterling should 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.

When requested by Sterling, the Hongyu Shareholders agreed 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. On July 5, 2011, Sterling issued 10,000,000 shares to the Hongyu Shareholders with the closing market price of the shares at $0.22 for acquiring the remaining 20% equity interest in Silver Castle from the Hongyu Shareholders. As a result of this transaction, Sterling effectively controls 100% of Hongyu through its wholly owned subsidiary, Silver Castle Investments Ltd. which holds 90% of Hongyu with the other 10% held by the nominees of Sterling.

Sterling through its subsidiary company, Silver Castle Investments Ltd., also signed a letter of intent for a larger area known as Tanjiachang Exploration Concession with Chenxi County Merchants Bureau, Hunan Province, China. Tanjiachang Exploration Concession is surrounding the Gaoping Mining permit.

As a mining license was obtained for the Gaoping Phosphate Property and a Chinese engineering report was completed, Hongyu is making progress on this property as follows. On February 13, 2012, Hongyu received approval for installing the power line for the Gaoping Phosphate Property. Hongyu also reached an understanding for land rental with a local village committee on March 17, 2012. Hongyu signed and completed a land rental agreement with each family in the mining area on March 27, 2012. On April 1, 2012, Hongyu also received conditional safety approval from the Supervision and Management Bureau for Safety Operation of Chenxi County and the project is essentially ready to begin production on a small scale basis to be further ramped up as the development and production plan takes effect. On April 22, 2012, Hongyu signed a mining agreement with the mining contractor, Yichang Rongchang Mining Co. Ltd., to be the operator of the mining and production activities on the project. On June 16, 2012, Hongyu completed power line construction. On July 19, 2012, Hongyu received the explosive operation permit. Accommodations for mining people have been built. An onsite office and accommodations for workers and mining management are complete. The water supply for the mining operation and living quarters is connected to the site. The road to the mining site has been completed. Three adits have been dug and they will be used to access the phosphorite along its strike length.

On March 10, 2013, Hongyu signed a profit sharing agreement with Yichang Baolin Mining Engineering Co. Ltd ("Baolin") for mining and processing phosphate rock from the Project. Baolin has a processing plant using a scrubbing processing which can process up to 100,000 t/a. However, Baolin has also built a new simple washing processing plant near Gaoping property to reduce the transportation cost. Hongyu has also signed an agreement with the Yichang Yinuo Biotech Co. Ltd ("Yinuo") to jointly produce and market bio-phosphate fertilizer. Yinuo has its own microbial inoculants and its fertilizer market brand is Mingxinglinde which is an organic biofertilizer. The aforementioned progress is presented as an interim measure to gauge the ease and efficiency of the mining process together with the efficacy of the contractual arrangements made to produce and market the phosphate rock.

As a substantial decrease of phosphate rock and phosphate fertilizer market pricing has occurred, Hongyu has halted further exploration and development since August 2013 until the world market prices rebound and has kept the property in care and maintenance mode. Such an action preserves the phosphate rock in situ and saves operating capital while world prices for phosphate rock are in a depressed state. The Company's capital contributions to the project were held to a minimum by its contracting the mining and washing functions to Yichang Baolin Mining Engineering Co. Ltd.

The Company has continued the services of several key employees in China to review other mining properties and opportunities. In pursuit of one such opportunity, Hongyu has obtained a registration code from Customs of People's Republic of China for the import and export business which may afford the Company the opportunity to act as an agent or distributor for the importation and exportation of fertilizer products. Hongyu is also continuously reviewing and looking other opportunities in mining.

As of February 29, 2016, the Gaoping mineral property is still an exploration stage property as it does not yet have proven reserves.

The Company will monitor the production and marketing with the goal of increasing production and sales over time in a measured and economically viable manner. Currently due to the downturn in world market prices for phosphate rock and concentrate, the Company has decided to curtail the stockpiling of phosphate rock until world prices and world sales increase. Such an action preserves the phosphate rock in situ and saves operating capital while world prices of phosphate rock are in a depressed state.

On April 9, 2016, the Company signed an agreement with Chenguo Capital Limited ("Chenguo") of 50th Floor, Bank of China Tower, 1 Garden Road, Central, Hong Kong, SAR, a company owned by Mr. Hanwei Guo of China, an entrepreneur with interests in real estate and investments in China. As a result of the transaction, the Company will diversify to also become a timeshare exchange provider, a manager of timeshare assets through agreements, and a developer of timeshare assets with fee relationships with other organizations or resorts.

Under the terms of the agreement, the Company acquires Euro Asia Premier Real Estate (HK) Ltd ("Euro Asia (HK)"), based in Hong Kong and which is owned by Chenguo, to be used as a vehicle in the development of a leisure timeshare exchange platform to be operated in China and in other parts of the world to take advantage of interest and outflow of tourism from China. The Company will deploy US$ 1 million of its cash in order to speed up the development of the aforementioned leisure timeshare exchange platform.

Chenguo also owns the rights to 2 hotels currently under completion and a parcel of land in Weifang, Shandong Province. According to appraisals done in 2011 by DTZ, a global real-estate appraisal and valuation company that recently merged with Cushman Wakefield, the properties were appraised at a combined value of 327 million RMB or approximately US$50.6 million. These properties are presently finalizing a court approved auction process due to a default on loans advanced by Mr. Guo through a trust company, under which Euro Asia (HK) will either receive the proceeds from the auction, if the assets are sold for fair market value, or the titles to the properties. These properties or the cash received from auction shall be reorganized into Euro Asia (HK), which the Company has acquired. If the properties are acquired and vested to the Company and/or its subsidiary, we will then sell the properties as timeshare units at an expected premium above appraised value. The properties will be organized and securitized into retail timeshares and will be entered into the timeshare exchange network currently under development and which will be owned by the Company.

Chenguo will also offer to the Company other assets it owns, in full or in part, including other leisure property or third party assets it is presently negotiating to be included in the platform. The Company will agree to become the exclusive seller of these properties. It is projected that the Company will only repay 75% of the properties' appraised values.

Under the terms of the agreement, the Company will issue 85,000,000 shares to Chenguo in escrow, so that Chengguo will own a significant portion of the Company on a proforma basis. The escrow arrangement contemplates that if within 9 months the Shandong properties or the rights to sell other assets have not been reorganized into a subsidiary of Euro Asia (HK), 50% of the shares in escrow will be cancelled. In addition, Chenguo will reimburse up to $1 million USD to the Company. If this persists to 18 months, the remaining shares in escrow will be cancelled and the obligations of both parties will be null and void.

The Company will also issue to Chenguo redeemable, voting, non-interest bearing, convertible, preferred shares in escrow. These preferred shares shall be redeemable for cash equal to 75% of the appraised value of the aforementioned properties and will be convertible at no less than US$0.50/share. Redemption will be subject to adequate discretionary cash on hand to continue operations. Any proceeds in excess of this amount will be retained as an asset of the Company.

In order the aid in the financing of the project, Chenguo has also agreed to a US$3 million private placement at US$0.15 to close on or before August 1, 2016. Mr. Hanwei Guo has also agreed to join the Board.

A finder's fee of 8 million shares will be paid.

Application of Critical Accounting Policies and Use of Estimates

Our condensed interim 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.

We believe that of our significant accounting policies, which are described in Note 2 to our annual financial statements, the following accounting policies involve a greater degree of judgment and complexity. Accordingly, the following policies are the most critical to aid in fully understanding and evaluating our financial condition and results of operations.

Basis of Presentation

These consolidated financial statements include the accounts of our Company and our wholly-owned subsidiaries, Micro Express Holdings Inc., Micro Express Ltd., Huyana Ventures Limited, Makaelo Holdings Inc., Makaelo Limited, Silver Castle Investments Limited ("Silver Castle") and our 100% controlled subsidiary, Chenxi County Hongyu Mining Co. Ltd. ("Hongyu"). All inter-company transactions and account balances have been eliminated.

Interim Reporting

The information presented in the accompanying condensed 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 condensed 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 condensed interim consolidated financial statements follow the same accounting policies and methods of their application as our May 31, 2015 annual consolidated financial statements. All adjustments are of a normal recurring nature. It is suggested that these condensed interim consolidated financial statements be read in conjunction with our May 31, 2015 annual consolidated financial statements.

Operating results for the nine months ended February 29, 2016 are not necessarily indicative of the results that can be expected for the year ending May 31, 2016.

Mineral Property Costs

Costs of acquiring mineral properties are capitalized by the project area. Costs to maintain mineral rights and leases are expensed as incurred. When a property reaches the production state, the related capitalized costs are amortized using the unit of production method on the basis of annual estimates of ore reserves. The Company does not consider a resource property to be at the development stage until such time as either mineral reserve are proven or permits to operate the mineral resource property are received and financing to complete the development has been obtained. Development expenditures incurred subsequent to a development decision, and to increase or to extend the life of existing production, are capitalized and amortized on the unit of production method based upon estimated proven and probable reserves or resources.

Management reviews the carrying value of mineral properties at least annually and will recognize impairment in value based upon current exploration results, and any impairment or subsequent losses are charged to operations at the time of impairment. If a property is abandoned or sold, its capitalized costs are charged to operations. Mineral property exploration costs are expensed as incurred. Exploration activities conducted jointly with others are reflected at the Company's proportionate interest in such activities. As of February 29, 2016, the Company did not have proven or probable ore reserves.

Stock-based Compensation

In accordance with ASC Topic 718-10 compensation expenses are amortized on a straight-line basis over the requisite service period which approximates the vesting period rather than as a reduction of taxes paid. The Company has elected to use the Black-Scholes option pricing model to determine the fair value of options and the extension of the expiry date of share purchase warrants previously granted.

Foreign Currency Translation

Our functional and reporting currency is U.S. dollars. Our consolidated financial statements are translated to U.S. dollars in accordance with ASC 830, "Foreign Currency Matters". Monetary assets and liabilities denominated in foreign currencies are translated using the exchange rate prevailing at the balance sheet date. Gains and losses arising on translation or settlement of foreign currency denominated transactions or balances are included in the determination of income. We have not, to the date of these condensed interim consolidated financial statements, entered into derivative instruments to offset the impact of foreign currency fluctuations.

Use of Estimates

The preparation of condensed interim consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the condensed interim consolidated financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from these estimates.

Going Concern

These condensed interim consolidated financial statements have been prepared on a going concern basis which assumes that adequate sources of financing will be obtained as required and that our assets will be realized and liabilities settled in the ordinary course of business. These condensed interim consolidated financial statements do not include any adjustments related to the recoverability of assets and classification of assets and liabilities that might be necessary if we are unable to continue as a going concern.

In order to continue as a going concern, we require additional financing. There can be no assurance that additional financing will be available to us when needed or, if available, that it can be obtained on commercially reasonable terms. If we are not able to continue as a going concern, we would likely be unable to realize the carrying value of our assets reflected in the balances set out in the preparation of the condensed interim consolidated financial statements.

At February 29, 2016, the Company had not yet achieved profitable operations and has accumulated losses of $7,437,357 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.

Results Of Operations

The Company had no operating revenue except interest income of $3,684 for the quarter ended February 29, 2016 compared with interest income of $4,986 for the quarter ended February 28, 2015. The Company had no operating revenue except interest income of $11,121 for the nine months ended February 29, 2016 compared with interest income of $15,727 for the nine months ended February 28, 2015. The net loss for the quarter ended February 29, 2016 decreased to $59,559, as compared to $173,586 for the quarter ended February 28, 2015, and the net loss for the nine months ended February 29, 2016 decreased to $207,440, as compared to $312,688 for the nine months ended February 28, 2015 mainly due to the increase of finance expense caused by extension of share purchase warrants during the periods ended February 28, 2015.

Accounting, audit, legal and professional fees decreased by $121 for the quarter ended February 29, 2016 when compared to the quarter ended February 28, 2015, and accounting, audit, legal and professional fees decreased by $6,613 for the nine months ended February 29, 2016 when compared to the nine months ended February 28, 2015.

Depreciation decreased by $3,928 for the quarter ended February 29, 2016 when compared to the quarter ended February 28, 2015, and Depreciation decreased by $9,002 for the nine months ended February 29, 2016 when compared to the nine months ended February 28, 2015.

Foreign exchange loss increased by $10,299 for the quarter ended February 29, 2016 when compared to the quarter ended February 28, 2015, while Foreign exchange loss increased by $46,546 for the nine months ended February 29, 2016 when compared to the nine months ended February 28, 2015 because of the exchange rate fluctuation among US dollar, Canadian dollar and RMB.

Mineral property costs decreased by $14,025 for the quarter ended February 29, 2016 when compared to the quarter ended February 28, 2015, and Mineral property costs decreased by $29,418 for the nine months ended February 29, 2016 when compared to the nine months ended February 28, 2015 because the Gaoping phosphate property was kept in care and maintenance mode during the period ended February 29, 2016 due to ongoing challenges in the phosphate market.

The Company expects the trend of losses to continue until we can achieve commercial production at the Gaoping phosphate project, of which there can be no assurance as described in Risk Factors.

Liquidity And Working Capital

As of February 29, 2016, the Company had total current assets of $1,262,168 and total current liabilities of $408,446. As of February 29, 2016, the Company had cash totaling $1,242,288, and a working capital surplus of $853,722.

Cash used in operating activities for the nine months ended February 29, 2016 was $171,475 as compared to cash used in operating activities for the nine months ended February 28, 2015 was $171,328.

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. If all warrants outstanding are exercised, the Company will receive approximately $5 million in cash. The Company's current cash can meet its short term needs. The cash will be mainly used for mining property exploration and development, general administrative, corporate (accounting, audit, and legal), financing and management.

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. In order to continue as a going concern, we require additional financing.

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements.

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 mining costs in China may be incurred under contracts denominated in Chinese Yuan or U.S. Dollars. If the Chinese Yuan continues to depreciate with respect to the U.S. Dollar, our costs in China may decrease. If the Canadian Dollar continues to depreciate with respect to the U.S. Dollar, our costs in Canada may decrease. 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.

The majority of the Company's assets, liabilities, revenues and expenses are denominated in Chinese RMB. The appreciation of the RMB against the U.S. dollar would result in an increase in the assets, liabilities, revenues and expenses of the Company and a foreign exchange gain included in comprehensive income. Conversely, the devaluation of the RMB against the U.S. dollar would result in a decrease in the assets, liabilities, revenues and expenses of the Company and a foreign exchange loss included in comprehensive income.

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 as of February 29, 2016, 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 quarter ended February 29, 2016 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.

There is Substantial Doubt About the Company's Ability to Continue as a Going Concern

Sterling is engaged in acquisition, exploration and development of mineral properties. The Company has acquired the Gaoping phosphate properties located in Chenxi County, Hunan Province, China. 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. The Company has hired an experienced mining engineer.

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 Gaoping property has been examined in the field by professional geologists/mining engineers. The Company received the National Instrument 43-101 report (Canadian Standard) entitled "Property Evaluation Report" (PER). The production decision announced was based on Chinese Technical Reports and the PER and not based on a Preliminary Economic Assessment (PEA) or mining study (a Prefeasibility or Feasibility Study) of mineral reserves demonstrating economic and technical viability. Resources that are not reserves do not have demonstrated economic viability. There is an increased risk of technical and economic failure because the development decision was based on inferred resources, without a preliminary economic analysis or mining study as defined by NI 43-101. Professional geologists also made an exploration proposal for the Tanjiachang Exploration Concession which is surrounding the Gaoping property which is under letter of intent with Chenxi County Merchants Bureau, Hunan Province, China. There is no assurance that the exploration license for the Tanjiachang Exploration Concession will be issued. There is no assurance that commercial quantities of ore will be discovered on the Tanjiachang Exploration Concession. There is also no assurance that, even if commercial quantities of ore are discovered, the Tanjiachang Exploration Concession will be brought into commercial production. Since 2012, the Central Government made its move to change the mining laws to provincial jurisdiction. The new application process was held. Previously issued licenses are being honored.

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 and depending upon 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 properties may need exploration and such exploration processes shall be conducted in phases. When each phase of a particular project is completed, and upon analysis of the results thereto, the Company will make a decision on 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. The Company hired an experienced mining engineer.

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 OTCQB marketplace under the ticker symbol SGGV. As of February 29, 2016, there were 75,730,341 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 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.

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, which will significantly dilute the Company's stockholders.

Market Risk and Political Risks

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.

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.

The Hongyu's phosphate deposit is located in China which, as a result of its operations, exposes the Company to political and market risks in China. Exports of phosphate rock are currently subject to an export tax due to domestic phosphate requirements.

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.

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

None

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None

ITEM 4. MINE SAFETY DISCLOSURES

None

ITEM 5. OTHER INFORMATION

On November 25, 2015, the Company signed a letter of intent with Hubei Yaozhihe Chemicals Co. Ltd. ("Hubei Yaozhihe") to form a joint venture company, whose structure has to be negotiated, for conducting and operating the phosphate properties and chemical plants under Hubei Yaozhihe Chemicals Co. Ltd. The letter of intent provides the Company with exclusivity until April 1, 2016 and includes 50% interest of their QiaoGou property, of which the other 50% was recently sold to Xingfa Group for RMB 301,719,400. Hubei Yaozhihe holds 5 mining permits and 4 exploration permits and, according to them, produced approximately 1.9 million tons of phosphate rock in 2014. However, the Company is not going ahead with the project and the letter of intent was expired.

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 22 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/ Christopher Tsakok
Christopher Tsakok, President and Chief Executive Officer

Date: April 13, 2016

/s/ Robert Smiley
Robert Smiley, Chief Financial Officer

Date: April 13, 2016

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).
10.8	Agreement for Termination of Joint Venture between the Company, Micro Express Holdings Inc. and Beijing Mianping Salt Lake Research Institute, dated October 31, 2011 (Filed as Exhibit 10.1 to the Company's current report on Form 8-K filed on November 3, 2011, 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)
101.INS	XBRL Instance Document. Furnished herewith.
101.SCH	XBRL Taxonomy Extension Schema Document. Furnished herewith.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document. Furnished herewith.

101.DEF	XBRL Taxonomy Extension Definition Linkbase Document. Furnished herewith.
101.LAB	XBRL Taxonomy Extension Label Linkbase Document. Furnished herewith.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document. Furnished herewith.