

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

FORM 10-KSB / A

AMENDMENT #2

(Mark One)

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended MAY 31, 2007

☐ TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE EXCHANGE ACT
For the transition period from _____ to _____

Commission file number: 000-51775

STERLING GROUP VENTURES, INC.

(Exact name of small business issuer in its charter)

Nevada

(State or other jurisdiction of incorporation or organization)

72-1535634

(I.R.S. Employer Identification No.)

900 – 789 West Pender Street
Vancouver BC

(Address of principal executive offices)

V6C 1H2

(Zip Code)

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

Securities Registered Under Section 12(b) of the Exchange Act:

None

Securities Registered Under Section 12(g) of the Exchange Act:

Common Stock, \$0.001 par value

(Title of class)

Check whether the Issuer (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 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 _____

Check if there is no disclosure of delinquent filers in response to Item 405 of Regulation S-B is not contained in this form, and no disclosure will be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB or any amendment to this Form 10-KSB. X

The issuer's revenues for its most recent fiscal year ended May 31, 2007 were nil

Aggregate market value of the voting and non-voting share of Common Stock held by non-affiliates was approximately \$2,007,725 based on the closing trading price for the common equity as of August 8, 2007 (at \$0.084 per share closing price).

(ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PAST FIVE YEARS)

Check whether the issuer has filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Exchange Act after the distribution of securities under a plan confirmed by a court. Yes ☐ No ☒

(APPLICABLE ONLY TO CORPORATE REGISTRANTS)

State the number of shares outstanding of each of the Issuer's classes of common stock, as of the latest practicable date: 43,501,490 common shares issued and outstanding as of August 8, 2007.

Transitional Small Business Disclosure Format (Check one): Yes ☐ No ☒

STERLING GROUP VENTURES, INC.
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PART I

Item 1. Description of Business.

Cautionary Statement Regarding Forward-Looking Statements

Cautionary Note to U.S. Investors – The United States Securities and Exchange Commission permits U.S. mining companies, in their filings with the SEC, to disclose only those mineral deposits that a company can economically and legally extract or produce. We use certain terms on this report, such as “measured”, “indicated”, and “inferred” “resources”, been based on audits conducted under Chinese methods of calculation, which the SEC guidelines strictly prohibit U.S. registered companies from including in their filings with the SEC. U.S. Investors are urged to consider closely the disclosure on our Form 10-KSB which may be secured from us, or from the SEC’s website at <http://www.sec.gov/edgar.shtml>.

This annual report contains forward-looking statements as that term is defined in the Private Securities Litigation Reform Act of 1995. These statements relate to future events or our future financial performance. Some discussions in this report may contain forward-looking statements that involve risk and uncertainty. A number of important factors could cause our actual results to differ materially from those expressed in any forward-looking statements made by us in this report. Forward-looking statements are often identified by words like: “believe”, “expect”, “estimate”, “anticipate”, “intend”, “project” and similar expressions or words which, by their nature, refer to future events.

In some cases, you can also identify forward-looking statements by terminology such as “may”, “will”, “should”, “plans”, “predicts”, “potential” or “continue” or the negative of these terms or other comparable terminology. These statements are only predictions and involve known and unknown risks, uncertainties and other factors, including the risks in the section entitled “Risk Factors”, that may cause our or our industry’s actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity or achievements. Except as required by applicable law, including the securities laws of the United States, we do not intend to update any of the forward-looking statements to conform these statements to actual results.

Our financial statements are stated in United States Dollars (US\$) and are prepared in accordance with United States Generally Accepted Accounting Principles. All references to “CA \$” refer to Canadian Dollars and all references to “common shares” refer to the common shares in our capital stock.

As used in this annual report, the terms “we”, “us”, “our”, and “Sterling” mean Sterling Group Ventures, Inc., unless otherwise indicated.

Sterling is an exploration stage company. There is no assurance that commercially viable mineral deposits exist on the claims that we have under option. Further exploration will be required before a final evaluation as to the economic and legal feasibility of the claims is determined.

Business Development During Last Three Years

We were incorporated in the state of Nevada on September 13, 2001. Since our incorporation, we have engaged in the business of exploration and development of a mineral property. We have not been involved in any bankruptcy, receivership or similar proceeding, nor has there been any material reclassification or merger, consolidation or purchase or sale of a significant amount of assets not in the ordinary course of business.

Our Current Business

We were incorporated in the State of Nevada on September 13, 2001 and established a fiscal year end of May 31. We are a start-up, exploration stage company engaged in the search and exploration of lithium and related minerals;

There is no assurance a commercially viable mineral deposit exists on any of our properties. Further exploration will be required before a final evaluation as to the economic and legal feasibility of our claims is determined. We have not yet generated or realized any revenues from our business operations. Our statutory registered agent's office is located at 2050 Russett Way, Carson City, Nevada 89703 and our business office is located at 900 – 789 West Pender Street, Vancouver, B.C., Canada, V6C 1H2. Our telephone number is (604) 893-8891 and fax number is (604) 408-8515

DXC SALT LAKE PROJECT

On July 11, 2005, the Company signed a letter of intent with Beijing Mianping Salt Lake Research Institute for the development of Dangxiongcuo (DXC) salt lake property in Nima county of Naqu district in Tibet, China. Pursuant to the Letter of Intent, the parties have agreed to set up a Joint Venture Company in Tibet, China to share the benefits, risks and losses of the project.

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

Pursuant to the Agreement, the parties have agreed to set up a Cooperative Company, Tibet Saline Lake Mining High-Science & Technology Co. Ltd. (the “Cooperative”) to develop DXC Salt Lake. The objective of the Cooperative is to use the funds provided by Sterling through MEH and the skills and technology provided by Mianping to produce lithium carbonate (Li_2CO_3) and borate from brine. MEH is to own 65% and Mianping 35% of the Cooperative. It is anticipated that the total investment in the Cooperative will be approximately 240 million RMB Yuan (or approximately US\$31 million) and will result in production of 5,000 tonnes per year of lithium carbonate and by products (sodium borate). Mianping guarantees the production cost of lithium carbonate will be less than 11,000 RMB yuan per tonne (or approximately US \$1,500 per tonne).

Beijing Mianping Salt Lake Research Institute (“Mianping”) which is a private company holds the exploration permit on the Dangxiongcuo Salt Lake and the surrounding area issued by Tibet Bureau of Land and Resources of China. Dangxiongcuo Salt Lake is a classic brine type deposit. The number of the exploration permit is 5400000620013. The area covered by the permit is 89.06 km² (8,906 hectares) and it is valid until Feb 23, 2007. The recording date is February 24, 2006. Mianping has renewed its permit on March 4th 2007. The new number is 5400000730283. The area covered by the permit is 89.06 km² (8,906 hectares) and it is valid until March 14th 2008. The recording date is March 4, 2007. There is a mandated routine for converting this exploration permit into a mining permit. Sterling Group Ventures Inc. (“Sterling”) through its wholly owned subsidiary, Micro Express Holdings Inc. (“MEH”) has entered into a Joint Venture agreement with Mianping in which the Mianping has agreed to contribute the lithium carbonate production technology using thermal deposit (“Technology”), the exploration permit and also agreed to begin the process of acquiring the mining permit. Sterling has agreed to finance the Joint Venture with RMB 240 Million Yuan (approximately US\$31,440,000) and in so doing will earn a 65% interest in the project development capital.

Terms of the agreement are as follows:

1. Both parties agree to set up a Cooperative Joint Venture Company (“Joint Venture”) in Tibet, China. The total investment on the Joint Venture is 240 million Yuan (approximately US\$31,440,000) and registered capital is 96 million Yuan (approximately US\$12,576,000).
2. The contributions of both parties:
 - (1) Sterling shall make fund contribution to the Joint Venture according to project schedule to earn 65% interest of the Joint Venture.
 - (2) Mianping shall transfer its owned Technology into the Joint Venture and shall be responsible for the technical and economic feasibility to earn 35% interest of the Joint Venture.
 - (3) The early contribution of Sterling to the project and for the setting up Joint Venture shall be recognized as registered capital contribution.
 - (4) The construction funds over the registered capital shall be financed by Sterling as a debt of the Joint Venture (the Joint Venture shall pay the interest according to the interest rate at the same term determined by the Bank of China and the extra interest shall be paid by Sterling).

- (5) If Sterling does not make 240 million Yuan or equivalent foreign currency investment into the Joint Venture according to the provision, Sterling agrees to be diluted in the Joint Venture. The formula for calculating the interest of each party is as follows:
Sterling's interest = (actual registered capital contribution / total registered capital *50% + (actual construction cost contribution + allowance) / total construction cost *15%)
Mianping's interest = 100% – Sterling's interest
Notes: total registered capital = 96 million Yuan RMB
total construction cost = 109 million Yuan RMB
allowance = 109*5% million Yuan RMB
When actual construction cost contribution is more than 95% of total construction cost, actual construction cost contribution is treated as being a 100% contribution.
- (6) Mianping will transfer the mining permit into the Joint Venture. After the permit is transferred, Sterling will put 35 million Yuan into the Joint Venture. The Joint Venture will pay 35 million Yuan to Mianping.

On July 3, 2007, MEH received a letter from Mianping stating that the agreement between MEH and Mianping 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 MEH. MEH has responded that Mianping's claim has no legal grounds as the lack of progress is not caused by MEH.

Lithium carbonate is the starting point in the manufacturing of lithium and various lithium chemicals which are used in batteries, ceramics and glass, in primary aluminum production, in the manufacture of lubricants and greases, drugs and others products. According to the Mineral Information Institute (MII), most lithium is recovered from brine, or water with a high concentration of lithium carbonate. Brines trapped in the Earth's crust (called subsurface brines) are the major source material for lithium carbonate. These sources, which are recovered generally through solar evaporation, are less expensive to mine than sources from rock such as spodumene, petalite, and other lithium-bearing minerals.

JIAJIKI PROJECT

On September 16, 2003, the Company, through its wholly owned subsidiary, Micro Express Ltd. ("Micro"), entered into an agreement (the "Agreement") with Sichuan Province Mining Ltd. to acquire a 75% interest in a 30-year mining joint venture company. The joint venture company will hold the mining licenses to develop the Jiajika spodumene property located in Sichuan Province, China for the extraction of lithium and lithium salts. Pursuant to the Agreement, the total investment required is estimated at 88.5 million Chinese Yuan (US\$10.8 million) for the initial capacity of 240,000 tonnes/annum. The initial registered capital is 56 million Chinese Yuan (US\$6.8 million). Sichuan Province Mining Ltd. will contribute 14 million Chinese Yuan (US\$1.7 million) including the mining permits to hold 25% of the JV company. Micro will contribute 42 million Chinese Yuan (US\$ 5.1 million) to hold 75% of the JV company.

On April 5, 2005, the Company through Micro, signed a joint venture contract ("JV Contract") with Sichuan Province Mining Ltd. for setting up a joint venture company, Jihai Lithium Ltd. , and the development of the Jiajika lithium deposit. The Contract follows an agreement signed between the parties on September 16, 2003.

Sichuan Province Mining Ltd. ("SPM") which is a private Chinese company holds the mining permit on the Jiajika spodumene property in Kangding, Sichuan province, China issued by the Sichuan Bureau of Land and Resources of China. The property is an albite – spodumene pegmatite deposit. The number of mining permit is 5100000410234. The area is 0.88 km² (88 hectares) and it is valid until November 11, 2006. The recording date is May 24, 2004. Sterling is required to contribute 42 million Yuan in order to earn 75% of the Joint Venture to be set up by Sterling and SPM to build an initial capacity of 240,000 tonnes per year mining and processing plant.

Terms of the JV Contract are as follows:

On April 15, 2005, Sterling shall contribute 5 million Yuan. By the end of July 2005, Sterling shall contribute another 10 million Yuan. After Stage I (240,000 tonnes per year of mining and processing plant) construction finishes, Sterling shall contribute another 7 million Yuan to pay SPM's over contribution – 7 million Yuan. The balanced 20 million Yuan shall be contributed within two years from the date of the issuance of the business license to the Joint Venture. Sterling shall ensure that the Joint Venture shall have sufficient funds in place for the operation of the business and the Joint Venture including Stage I and Stage II (the capacity is increased to a 900,000 tones per year of mining and processing plant). Sterling's contribution may include all expenses it has incurred for the purpose

of this agreement and for the incorporation of the Joint Venture, including any funds advanced. The early contributions of Sterling shall be determined by an independent appraisal report recognized by both parties. Before the Joint Venture has opened its account after obtaining a business license, Sterling shall put its contributions into an account monitored by both parties.

SPM shall transfer the mining permit to the Joint Venture within three months after the Joint Venture business license issued. Due to any delay of approval by the authorities, the transferring time can be extended. SPM shall guarantee the resources requirements for the operation with a capacity of 900,000 tonnes per year.

On March 3, 2006, the Company, through its wholly owned subsidiary, Micro Express Ltd. (“Micro”), signed an agreement (the “Agreement”) with Sichuan Province Mining Ltd. (“SPM”) with respect to Micro’s early investment in the Sichuan Jiajika Spodumene project.

Pursuant to the Agreement, the parties agreed to terminate the joint venture and confirmed that Micro’s early investment of 2.48 million Yuan (RMB) to the Sichuan Jiajika Spodumene project should be paid back at a rate of 1.2 million Yuan (RMB) before April 15, 2006 and 1.28 million Yuan (RMB) before March 30, 2007. Payment should be made directly to Micro by SPM. If SPM does not make the payment of 1.28 million to Micro before March 30, 2007, then 1.28 million yuan will be converted into Micro’s interest in the Jiajika project of SPM using the formula: 1.28 million Yuan divided by the registered capital contribution in the Jiajika project by SPM, multiplied by 100%. Neither party shall have any other liabilities to the other party and the Agreement shall replace all previously signed agreements, contracts and MOU between Micro and SPM. SPM has made payment of 800,000 Yuan (RMB) as of May 31, 2007, and another 500,000 Yuan (RMB) on June 15, 2007.

DX POLYMETALLIC PROJECT

On March 2, 2005, the Company, through its wholly owned subsidiary, Makaelo Limited (“Makaelo”), a BVI company, entered into a Joint Venture Agreement with Aifeng Li, an individual residing in Anyang, Henan Province, China. Pursuant to the Agreement, the parties will set up a Joint Venture company in Inner Mongolia, China for the exploration and development of copper and silver in the areas of Donggou and Xiaoxigou.

A Chinese citizen, Aifeng Li who holds two exploration permits on the Donggou and Xiaoxigou polymetallic property issued by the Inner Mongolia Bureau of Land and Resources of China. Based on surface sampling and Gradient IP surveys, it is reasonable to expect hydrothermal vein type deposits containing complex ores mainly of chalcopyrite, iron-rich spahalerit, galena, pyrite, arsenopyrite, cassiterite and macasite with minor tetrahedrite and boulangerite. Gangue minerals are quartz, chlorite, sericite, dolomite and calcite with minor tourmaline and fluorite. The numbers of the two exploration permits are 1500000411738 and 1500000411739 respectively. The areas of the two exploration permits are 31.05 km² (3,105 hectares) and 21.72 km² (2,172 hectares) respectively. These permits are valid until November 19, 2005.

According to the Agreement signed between Aifeng Li and Makaelo, Aifeng Li will contribute all the necessary exploration licenses, achievements and geological data to the Joint Venture in exchange for 48% of the Joint Venture company, while Makaelo will finance the cost of exploration in return for 52% of the Joint Venture company. The Company expects the cost of exploration to be approximately RMB 5,200,000 to be contributed over three years with the first year contributing not less than RMB 2,000,000. Aifeng Li’s interest in the Joint Venture can be diluted to 10% for failure to contribute her share of additional funds for succeeding work programs.

As the final joint venture contract with the property owner could not be completed on acceptable terms, the Company decided not to proceed with this project.

LUSHI PROJECT

On April 10, 2004, the Company, through Micro, entered into a joint venture agreement with Lushi Guanpo Minerals Development Ltd. of Lushi in Henan Province, China.

Henan Lushi Guanpo Minerals Developments Ltd. (“Guanpo”) which is a private chinese company holds three mining permits on Lishui spodumene property issued by Sanmenxia Bureau of Land and Resources of China. The property is an albite – spodumene pegmatite deposit. The numbers of mining permits are 4112000040001,

4112000020002 and 4112000040003 separately. The areas of these mining permits are 0.48 km² (48 hectares), 0.9801 km² (98.01 hectares) and 0.2001 km² (20.01 hectares) separately. The permits are valid until March 2005. The recording date is March 29, 2002.

Pursuant to the agreement, Guanpo will contribute three mining permits into the Joint Venture to be set up by Sterling and Guanpo to retain a 10% interest of the Joint Venture. Sterling will contribute 100% of project cost to take a 90% interest in the Joint Venture.

Due to the negative results of due diligence performed for the LUSHI project, the Company decided not to proceed with this project.

DAHONGLIUTAN (“DHLT”) PROJECT

On May 21, 2005, the Company, through its wholly-owned subsidiary, Huyana Ventures Limited (“Huyana”), signed a letter of intent (“LOI”) with Xinjiang Hetian Xinlong Mining Co. Ltd. for the development of Dahongliutan (“DHLT”) spodumene deposit, the parties agreed to set up a Joint Venture Company in Hetian City, Xinjiang Province, China to share the benefits, risks and losses of the project.

Xinjiang Hetian Xinlong Co., Ltd. (“Xinlong”) which is a private company holds mining permit on Xinjiang Dahongliutan spodumene property issued by the Xinjiang Bureau of Land and Resources of China. The property is an albite – spodumene pegmatite deposit. The number of the mining permit is 6500000532119. The area is 1.04 km² (104 hectares) and it is valid until April 2006. The recording date is April 11, 2005.

Pursuant to the LOI, Xinlong will contribute the mining permit into the Joint Venture to be set up by Sterling and Xinlong to take a 20% interest in the Joint Venture. Sterling will contribute 100% of project cost to take a 80% interest in the Joint Venture.

However, due to the negative results of the due diligence performed on the DHLT project, the Company decided not to proceed with this project and the letter of intent expired.

Item 2. Description of Property

Overview

On January 20, 2004, the Company acquired all the issued and outstanding shares of Micro Express Ltd. (“Micro”) for 25,000,000 common shares of the Company. Micro is a company incorporated in the British Virgin Islands and has been inactive from incorporation until the year 2003. Since then, Micro has entered into several agreements to develop industrial mineral properties in China.

Through the acquisition of Micro, the Company holds the following property interests:

(a) Jiajika Spodumene Property

On September 16, 2003, Micro entered into an agreement with Sichuan Province Mining Ltd. to acquire 75% interest in a 30-year mining joint venture company. The joint venture company will hold the mining licenses to develop the Jiajika spodumene property located in Sichuan Province of China for the extraction of lithium and lithium salts. Pursuant to the Agreement, the initial capacity of the mine will be 240,000 tonnes/annum (t/a) and will be increased to 900,000 t/a in stages. The Company, through Micro, is required to contribute an estimated 42 million Chinese Yuan (US\$ 5.1 million) as registered capital to earn its 75% interest in the joint venture company for the initial capacity of 240,000 t/a. An initial contribution of \$150,000 was made by the Company as part of the contribution to obtain the mining permit according to the contract signed between our Chinese partner and the Sichuan Bureau of Land and Resources.

On April 5, 2005, Micro signed a joint venture contract (the “Agreement”) with a Chinese partner for the establishment of a joint venture company, Jihai Lithium Ltd. (“Jihai”), and the development of the Jiajika lithium deposit in Kangding District, Sichuan Province, China. Pursuant to the Agreement, the project will be developed in

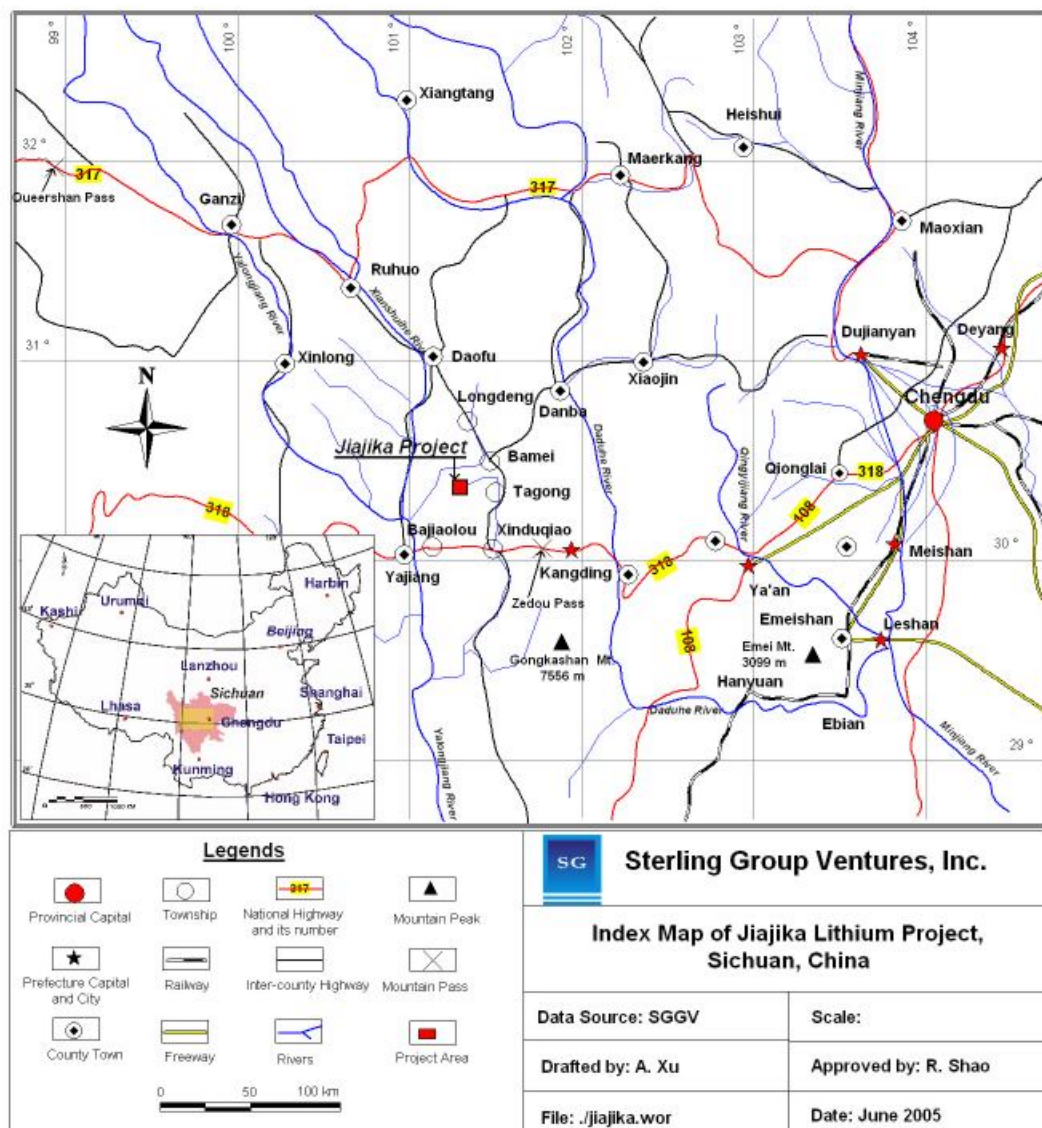
two (2) stages with the development of a production facility with an initial processing capacity of 240,000 tonnes of spodumene ore per year in Stage I and then the processing capacity will be increased to 900,000 t/a in Stage II.

On March 3, 2006, Micro signed an agreement (the “Agreement”) with Sichuan Province Mining Ltd. (“SPM”) with respect to Micro’s early investment in the Sichuan Jiajika Spodumene project.

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

As at May 31, 2007, the Company had incurred \$398,407 in the Jiajika Spodumene Property before the cumulative cost recovery of RMB 800,000 (\$102,731) for the year ended May 31, 2007.

The location of the property is shown in the following map.



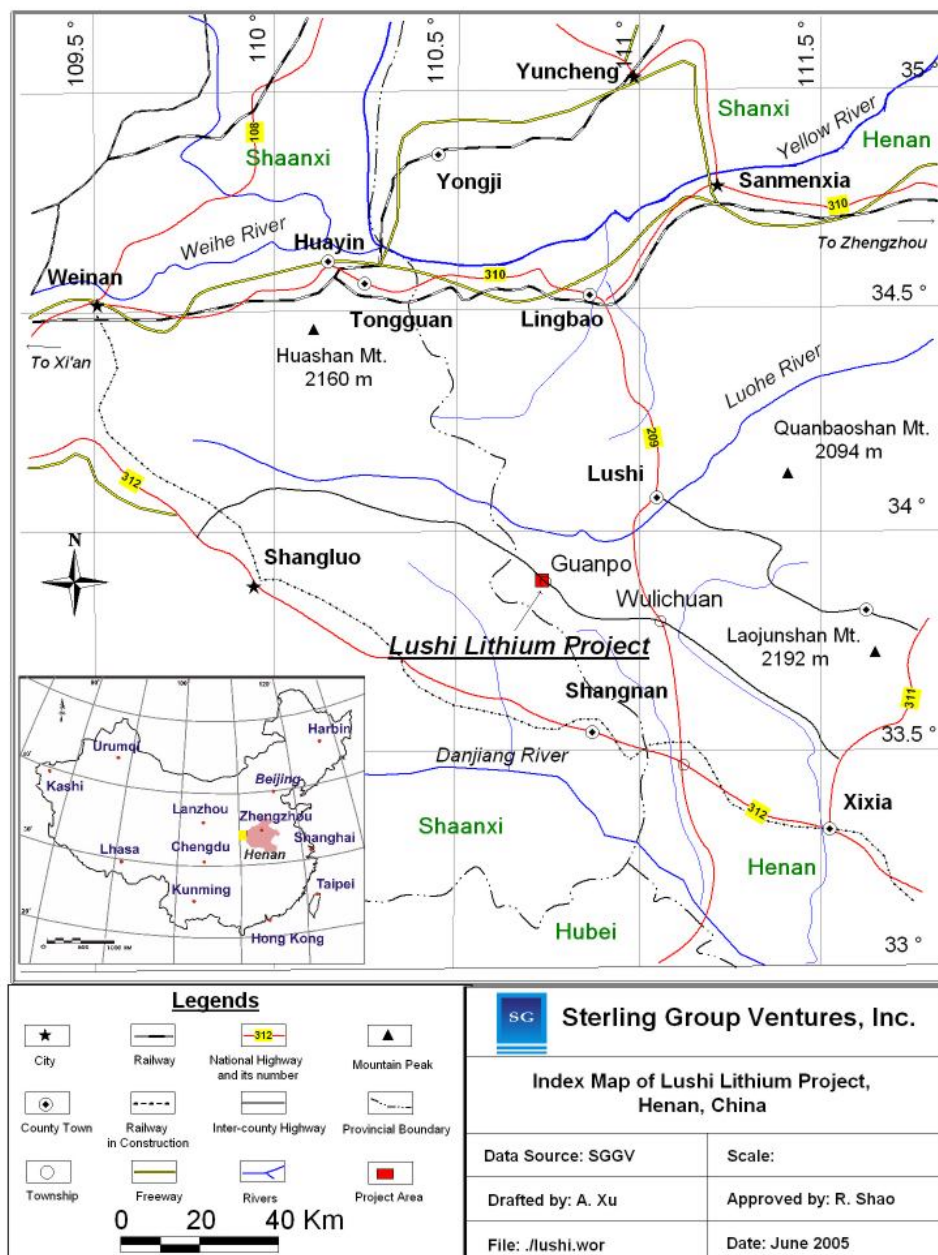
(b) Lushi Spodumene Property

On December 28, 2003, Micro entered into a Letter of Intent to earn an interest of between 90% to 92% in a 30-year mining joint venture. The Joint Venture will hold the rights to develop the Lushi spodumene property located in Henan Province, China. The Company shall contribute the total investment in the project. The amount of the investment will be determined by a pre-feasibility study. On April 10, 2004, the Company entered the formal joint-venture agreement with the Chinese party with the intent of bringing the project into production and in exchange for 90% of the interest of the joint venture.

However, due to the negative results of the due diligence performed on the Lushi project, the Company decided not to proceed with this project.

As at May 31, 2006, the Company incurred expenses of \$72,912 related to the Lushi Spodumene Property.

The location of the property is shown in the following map.



Through its wholly-owned subsidiary, Makaelo Limited (“Makaelo”), the Company has the following property interest:

(a) DX Polymetallic Project

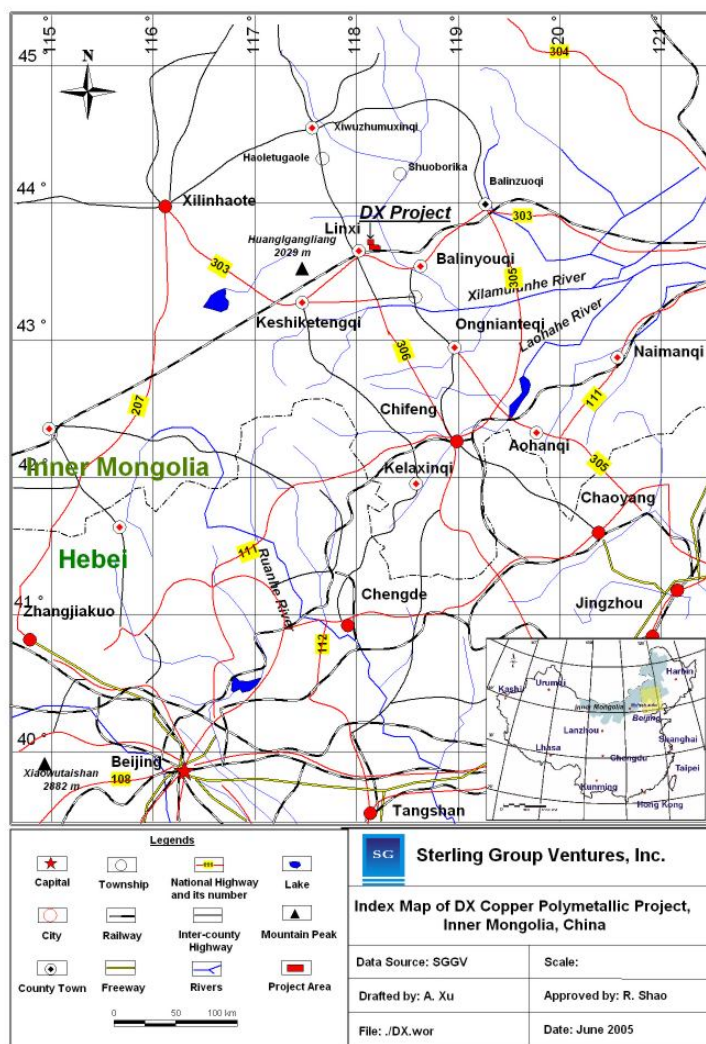
On March 2, 2005, Makaelo entered into a joint venture Agreement with a Chinese citizen who holds two exploration permits for a copper project (“the Project”) in Inner Mongolia, China.

The Project is comprised of two exploration permits, Donggou and Xiaoxigou, covering an area of about 52 square kilometers. The Project is located in the Inner Mongolia region of China. The Company has the right to earn 52% of a cooperative joint venture company by spending RMB 5,200,000 (\$650,000) for the exploration in the permit areas over three years with the first year contributing not less than RMB2,000,000 (\$240,900).

As the final joint venture contract with the property owner could not be completed on acceptable terms, the Company decided not to proceed with this project.

As at May 31, 2006, the Company had incurred a total of \$51,757 in the DX Polymetallic Property and during the year ended May 31, 2007 has abandoned the property.

The location of the property is shown in the following map.



Through its wholly-owned subsidiary, Huyana Ventures Limited (“Huyana”), the Company has the following property interest:

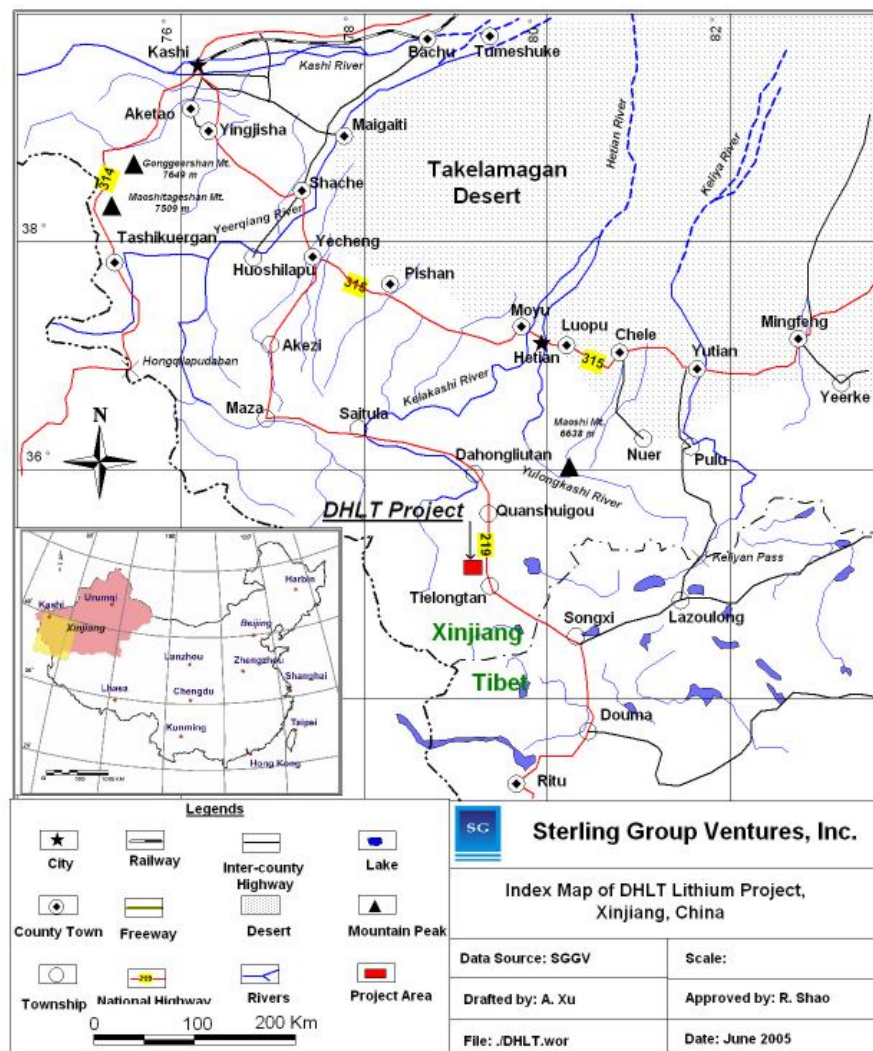
(a) DHLT Spodumene Property

On May 21, 2005, Huyana signed a letter of intent (the “LOI”) with a Chinese partner for the development of Dahongliutan (“DHLT”) spodumene deposit located in Xinjiang Province of China. A joint venture company in Hetian City of Xinjiang Province in China will be set up for the development and operation of the DHLT spodumene deposit in the areas that the Chinese partner has mining permit and where the Chinese partner is applying for additional mining permits. The business of the joint venture company will include mining and processing spodumene and comprehensive utilization of other associated rare metals. The Company shall contribute the total investment in the project in exchange for an 80% interest in the joint venture. Pursuant to the LOI, the terms of the joint venture were to be decided upon further negotiations and due diligence between the parties and would have been subject to a formal contract to be signed by both parties.

However, due to the negative results of due diligence for DHLT project, the Company decided not to proceed with this project and the letter of intent expired.

As at May 31, 2006, the Company incurred expenses of \$8,209 related to the DHLT Spodumene Property.

The location of the property is shown in following map.



Through its wholly-owned subsidiary, Micro Express Holdings Inc. (“MEH”), the Company has the following property interests:

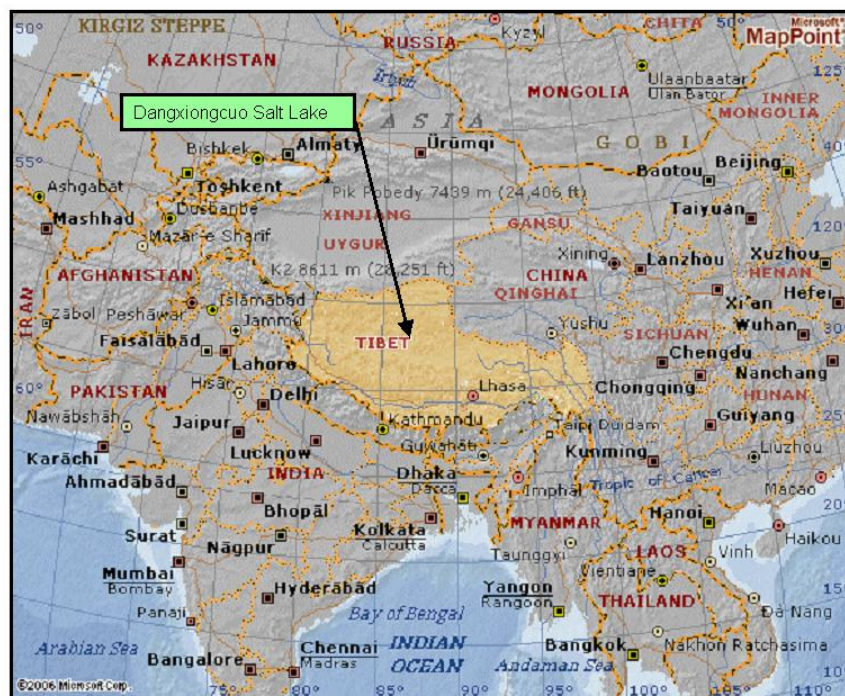
(a) DXC Salt Lake Property

On July 11, 2005, the Company signed a letter of intent with Beijing Mianping Salt Lake Research Institute for the development of Dangxiongcuo (“DXC”) salt lake property in Nima county of Naqu district in Tibet, China. Pursuant to the Letter of Intent, the parties have agreed to set up a Joint Venture Company in Tibet, China to share the benefits, risks and losses of the project.

On September 16, 2005, MEH signed an agreement with Beijing Mianping Salt Lake Research Institute (“Mianping”) for the development of Dangxiongcuo salt lake property in Nima county of Naqu district in Tibet, China. The Agreement follows a Letter of Intent signed between the parties on July 11, 2005.

Pursuant to the Agreement, the parties agreed to set up a Cooperative Company, Tibet Saline Lake Mining High-Science & Technology Co. Ltd. (the “Cooperative”), to develop the DXC Salt Lake property. The objective of the Cooperative is to use the funds provided by Sterling through MEH and the skills and technology provided by Mianping to produce lithium carbonate (Li_2CO_3) and borate from brine. MEH is to own 65% and Mianping 35% of the Cooperative. It is anticipated that the total investment in the Cooperative will be approximately RMB240,000,000 (approximately \$31,440,000).

The location of the property is shown in following map.



Dangxiongcuo Salt Lake ("DXC") is located in the south-western part of Xizang plateau in Nima County, Tibet of China. The geographic co-ordinates are between 86°38'00" and 86°49'00" east and 31°30'00" to 31°40'00" north.

Access to Tibet is through Lhasa which has a good efficient international airport. Road access into the property area is difficult at best. The road heads northwest from Lhasa to the town of Zamsar then northeast. This first 200 km is good paved road. Then down into the valley turning right onto a rough gravel road near the Nam Tsho Salt Lake. Thence around the eastern and northern side of the Nam Tsho lake and on 300 kilometers to the isolated village of Pankgo. Thence proceed 400 kilometers to the City of Nima. Thence proceed another 90 kilometers of very rough road down to the DXC. The trip takes 26 hours of difficult 4X4 driving from Lhasa.

The deposit is a large salt lake 55.53 km² (5,553 hectares) in area with a maximum depth of 14 m. Brines are a common source of lithium and the DXC Salt Lake is a classic brine type deposit. This type of deposit is known throughout the world where ever desert climates allow evaporite deposits to form. Mineralization in the lake is in the form of dissolved salts of sodium, potassium, lithium and boron, as chlorides, oxides, sulfates and carbonates. These can be recovered through fractional precipitation of the various salts by the evaporation of the water. Variations in salinity, pH and temperature determine which compound will form crystals and precipitate from the brine.

In 1980's 1:1,000,000 regional geology was conducted by the Tibet Regional Geology Brigade. 1:250,000 regional geology was conducted by the Jiangxi Regional Geology Brigade in 2004. In 1999, two Chinese geologists conducted preliminary study in the area. In 2002, Mianping started exploration work in the area. 1:50,000 geology investigation and hydrogeology was conducted. 1:2,000 salt field site engineering geology and topography mapping was conducted. 20,000 square meters salt field was built in 2003. In 2004, 10,000 square meters of the salt field was revamped. In December 2005, Sterling and Mianping commissioned the Tibet Geothermal brigade to conduct measurements for the 20 km² salt field (1:2,000 and 1:5,000). In March 2006, Sterling and Mianping commissioned the Zhengzhou Comprehensive Utilization Institute of China Academy of Geology to conduct the purification test for the DXC salt lake rough concentrate. In 2006, the Tibet Geothermal Brigade conducted the geothermal exploration work. In May 2006, a Canadian standard NI 43-101 report was conducted by a qualified geologist. In June 2006, Mianping finished Chinese geology report and the report has passed the auditing of Ministry of Land and Resources of China. Since 2005, a technical team from Mianping has been working on the DXC Salt Lake site to conduct salt field technical test, weather monitoring and related tests and monitoring according to the plan designed by Sterling and Mianping.

There is almost no local infrastructure. The only solar power, water, and roads are those installed by the Mianping. Beicun village at the head of the lake appeared to have perhaps 300 people, local Tibetan herdsman of the Han ethnic group. They are mainly occupied with herding yaks, sheep, goats, and a few horses. They plant small gardens of barley and vegetables but are not self sufficient and import food stuffs from outside. Although people would be available from this village to work on a project in this area the skill level would be very low. Communication with the outside world is by satellite telephone. The nearest land line is at Nima a distance of 90 km away. Shipment of product does not seem to be a problem as numerous heavy trucks were noted all along the road to the property. National rail service is available from Naqu about 700 km distance to the east.

Generally, the physiography could be termed basin and range with broad valleys between sharp ridges and arretes. The valleys are generally gentle in profile both laterally and longitudinally with small to medium rivers coursing through the bottoms of the valleys. Few of the rivers are bridged and most of the crossings are by shallow fords. Along these tracks for much of the route were seen numerous large trucks of 30 – 40 tonnes. Most were freighting bagged material, probably salt from one of the salt lake operations. There are no services along the route except for Pankgo and Nima. The DXC Salt Lake sits in a rather confined basin between high rugged ridges. There are numerous benches or beaches around the lake indicating lake levels at one time were 200 meters above the present levels of the lake, as the last glaciation receded.

Vegetation throughout the plateau is sparse grasses which have been grazed down to the root level. Sheep, goats and yaks graze in large herds on what appeared to be very lean fodder. Herdsmen and herdswomen tend these flocks with no visible support and often many miles from the nearest shelter. Some of the herdsman seem to rely on the 125cc motor bike for transportation. The women appeared mainly to walk. Occasional five tonne trucks were seen hauling personal belongings grossly overloaded with household items and people.

Mianping has installed solar power, water, and roads on the site. Water comes from mountain springs. There are several rivers which flow into the lake area.

Traditional exploration is not applicable in proving up the mineralization in a salt lake deposit. Systematic water sampling on a grid pattern and a varying depths is an acceptable method. This has been done by Mianping with a few hundred water samples taken at various depths on a 2 km X 2 km grid pattern in the lake. The concentration of the various salts is fairly uniform throughout the lake and hence the quantity of contained metal is easily determined. In June 2006, Mianping finished a Chinese geology report (Chinese reserve report) and the report has passed the auditing of the Ministry of Land and Resources of China on September 13, 2006.

On June 23, 2007, the Company entered into a consulting agreement with a Chinese company to assist the Company in obtaining certain government approvals to facilitate the establishment of a joint venture company that is required for the Company to continue the exploration and development of this project in Tibet. If the Chinese company is successful in its efforts, then it will be compensated by receiving from the Company an amount of shares equal to 10% of the Company's then issued and outstanding capital.

On July 3, 2007, MEH received a letter from Mianping stating that the agreement between MEH and Mianping 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 MEH. MEH has responded that Mianping's claim has no legal grounds as the lack of progress is not caused by MEH.

As at May 31, 2007, the Company incurred expenses of \$911,167 related to the DXC Salt Lake Property. Total 240 million Yuan is estimated for building the onsite pond system, and chemical facilities for 5,000 tonnes per year of lithium carbonate capacity.

Employees

At present, we have no employees, other than our officers and directors. Our officers and directors do not have employment agreements with us, except consulting agreements which can be cancelled on 30-days notice.

Item 3. Legal Proceedings

We know of no material, active or pending legal proceedings against our company, nor are we involved as a plaintiff in any material proceeding or pending litigation. There are no proceedings in which any of our directors, officers or affiliates, or any registered or beneficial shareholder, is an adverse party or has a material interest adverse to our interest.

Item 4. Submissions of Matters to a Vote of Security Holders

Within the current fiscal year, no matters have been submitted to a vote of security holders.

PART II

Item 5. Market for Common Equity and Related Stockholder Matters

Overview

Our common stock is traded on the OTC Bulletin Board under the symbol "SGGV". The table below sets forth the high and low sales prices for the Company's common stock for the fiscal years ended May 31, 2005 and 2006 and 2007. The quotations below reflect inter-dealer prices, without retail markup, markdown or commission and may not represent actual transactions.

Year	Quarter	High (\$)	Low (\$)
2005	First	1.03	0.85
	Second	0.93	0.43
	Third	0.55	0.18

	Fourth	0.32	0.14
2006	First	0.44	0.16
	Second	0.25	0.15
	Third	0.26	0.15
	Fourth	0.26	0.16
2007	First	0.20	0.13
	Second	0.20	0.08
	Third	0.17	0.08
	Fourth	0.16	0.08
	August 8, 2007*	0.10	0.08

* Indicates partial period

Pacific Stock Transfer Company is the registrar and transfer agent for our common shares, and is located at Suite 240, 500 East Warm Springs Road, Las Vegas, Nevada 89119 (Telephone: (702) 361-3033; Facsimile: (702) 433-1979).

As of May 31, 2007, the shareholders' list of our common shares showed 35 registered shareholders and 43,501,490 shares outstanding.

We have not declared any dividends since incorporation and do not anticipate that we will do so in the foreseeable future. Although there are no restrictions that limit the ability to pay dividends on our common shares, our intention is to retain future earnings for use in our operations and the expansion of our business.

Equity Compensation Plan Information

On May 12, 2004, the Company registered a 2004 incentive stock option plan consisting of 3,636,000 common shares. As of the year ended May 31, 2007, 3,636,000 options were issued and outstanding to various consultants, officers or directors. The above options are exercisable at US\$0.50 per share with expiry date of February 3, 2009. Pursuant to the stock option plan, the number of shares that may be issued under the plan may not exceed 15% of the issued and outstanding shares of the company. 15% of the issued and outstanding shares of the Company is 6,525,223 as of May 31, 2007. As of the date of this report, none of the above options have been exercised.

Recent Sales of Unregistered Securities

In February 2004, the Company commenced a private placement of up to 5,000,000 units at \$0.50 per unit for total proceeds of \$2,500,000. Each unit consists of one common share and one non-transferable share purchase warrant entitling the holder to purchase one common share for two years, at \$0.50 per share in the first year or \$0.75 in the second year ("A" warrant), with an expiry date on February 16, 2006. Upon exercising an "A" warrant, the holder of each unit will have one additional non-transferable share purchase warrant at \$1.00 ("B" warrant) for another year, with an expiry date on February 16, 2007. As at May 31, 2007, the Company had received total subscriptions of \$1,858,000 for 3,716,000 units, which were issued. A finder's fee of 101,500 units was issued under the same abovementioned terms. The private placement was closed without issuing the remaining 1,284,000 units.

On December 18, 2004, the Company issued 100,000 shares with a fair value of \$42,000 to a consultant for investor relation services for a period of one year.

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

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

Share Purchase Warrants

During the year ended May 31, 2007, 2,873,990 Series "C" warrants were issued, including 123,690 warrants for a finder's fee. Each Series "C" warrant entitles the holder thereof the right to purchase one common share at \$0.18 per share expiring on December 29, 2006. No warrant was exercised or cancelled during the period.

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

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

- (i) February 16, 2008; or
- (ii) The 90th day after the day on which the weighted average trading price of the Company's shares exceed \$0.85 per share for 30 consecutive trading days.

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

As at May 31, 2007, the Company has a total of 3,817,500 and 2,873,990 Series "A" and "C" share purchase warrants outstanding, respectively.

Changes in Securities

On January 20, 2004, the Registrant completed the acquisition of all of the issued and outstanding shares of Micro Express Ltd. pursuant to an Acquisition Agreement, filed as an exhibit to the Registrant's Current Report on the 8-K filed January 29, 2004 and April 2, 2004. Pursuant to the transaction, the Registrant issued an aggregate of 25,000,000 shares of the Registrant's common stock to the stockholders of Micro in exchange for 100% of the shares of Micro common stock. A majority of the shares were issued to Cobilco Inc. of which Raoul Tsakok is the owner (15,000,000 shares), and Richard Shao (4,000,000 shares). Mr. Tsakok and Mr. Shao are officers or directors of the Registrant.

As of May 31, 2007, the Company had 43,501,490 common shares issued and outstanding.

Item 6. Management's Discussion and Analysis or Plan of Operation

Safe Harbor Statement under the United States Private Securities Litigation Reform Act of 1995: Except for the statements of historical fact contained herein, the information constitutes "forward-looking statements" within the meaning of the Private Securities Litigation reform Act of 1995. Such forward looking statements, including but not limited to those with respect to the price of lithium, lithium carbonate, other metals and chemicals, the timing and amount of estimated production, costs of production, reserve determination and reserve conversion rates, involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievement of the Company to be materially different from any future results, performance or achievements

expressed or implied by such forward looking statements. Such factors include, among others, risks relating to the integration of the acquisition, risks that the company may not be able to raise the necessary capital, risks relating to international operations, risks relating to joint venture operations, the actual results of current exploration activities, the actual results of current reclamation activities, conclusions of economic evaluations, changes in project parameters as plans continue to be refined, future prices of lithium, beryllium, niobium, tantalum, and other metals, as well as those factors affecting the mineral industry. Although the Company has attempted to identify important factors that could cause actual results to differ materially, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

Introduction

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

Plan of Operations

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

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

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

On April 10, 2004, Micro signed a joint venture agreement with Lushi Guanpo Minerals Development Ltd. ("Lushi") of the Henan Province of China. Under the Agreement, Micro may earn more than 90% of the lithium project by taking the project into production. However, due to the negative results of due diligence for the Lushi project, the Company decided not to proceed with this project.

On March 2, 2005, the Company through its wholly-owned subsidiary, Makaelo Limited ("Makaelo"), a BVI company, entered into a Joint Venture Agreement with Aifeng Li, an individual residing in Anyang, Henan Province of China. Pursuant to the Agreement, the parties will set up a Joint Venture company in Inner Mongolia for the exploration and development of copper and silver in the areas of Donggou and Xiaoxigou. Aifeng Li will contribute all the necessary exploration licenses, achievements and geological data to the Joint Venture in exchange for 48% of the Joint Venture company, while the Company will finance the cost of exploration in return for 52% of the Joint Venture company. The Company expects the cost of exploration to be approximately \$630,000 to be contributed

over three years. As a joint venture contract with the property owner could not be completed on acceptable terms, the Company decided not to proceed with this project.

On April 5, 2005, the Company through Micro, signed a joint venture contract with Sichuan Province Mining Ltd. for the establishment of Jihai Lithium Ltd. and the development of the Jiajika lithium deposit.

On May 21, 2005, the Company through its wholly-owned subsidiary, Huyana Ventures Limited (“Huyana”), signed a letter of intent with Xinjiang Hetian Xinlong Mining Co. Ltd. for the development of Dahongliutan (DHLT) spodumene deposit. Pursuant to the LOI, the parties have agreed to set up a Joint Venture Company in Hetian City of Xinjiang Province in China to share the benefits, risks and losses of the project. Due to the negative results of due diligence for DHLT project, the Company decided not to proceed with this project and the letter of intent expired.

On July 11, 2005, the Company signed a letter of intent (the “LOI”) with Beijing Mianping Salt Lake Research Institute for the development of Dangxiongcuo salt lake property (“DXC Salt Lake”) in Nima county of Naqu district in Tibet, China. Pursuant to the LOI, the parties have agreed to set up a joint venture company in Tibet, China to share the benefits, risks and losses of the project.

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

Pursuant to the Agreement, the parties have agreed to set up a Cooperative Company, Tibet Saline Lake Mining High-Science & Technology Co. Ltd. (the “Cooperative”) to develop DXC Salt Lake. The objective of the Cooperative is to use the funds provided by Sterling through MEH and the skills and technology provided by Mianping to produce lithium carbonate (Li_2CO_3) and borate from brine. MEH is to own 65% and Mianping 35% of the Cooperative.

It is anticipated that the total investment in the Cooperative will be approximately 240 million RMB Yuan (or approximately US\$31 million) and will result in production of 5,000 tonnes per year of lithium carbonate and by products (sodium borate). Mianping guarantees the production cost of lithium carbonate will be less than 11,000 RMB yuan per tonne (or approximately US \$1,500 per tonne).

On March 3, 2006, the Company, through its wholly owned subsidiary, Micro Express Ltd. (“Micro”), signed an agreement (the “Agreement”) with Sichuan Province Mining Ltd. (“SPM”) regarding Micro’s early investment in the Sichuan Jiajika Spodumene project.

Pursuant to the Agreement, the parties agreed to terminate the joint venture and confirmed that Micro’s early investment of 2.48 million Yuan (RMB) to the Sichuan Jiajika Spodumene project should be paid back 1.2 million Yuan (RMB) before April 15, 2006 and 1.28 million Yuan (RMB) before March 30, 2007. Payments should be made directly to Micro by SPM. If SPM does not make the payment of 1.28 million to Micro before March 30, 2007, then 1.28 million yuan will be converted into Micro’s interest in Jiajika project of SPM using the formula: 1.28 million Yuan divided by registered capital contribution in Jiajika project by SPM, multiplied by 100%. Neither party shall have any other liabilities to the other party and the Agreement shall replace all previous signed agreements, contracts and MOU between Micro and SPM. SPM had made payment of 800,000 Yuan (RMB) as of May 31, 2007. On June 15, 2007, the Company received RMB500,000 from SPM.

Results of Operations

In June 2006, Mianping finished a Chinese geology report (Chinese reserve report) and the report passed the auditing of the Ministry of Land and Resources of China on September 13, 2006 which is the basis for converting the exploration permit into a mining permit. Mianping led by Professor Mianping Zheng, an academician of Chinese Academy of Engineering, is still collecting information such as yearly weather information, wind information and brine chemistry using a test pond system. Development plans are being studied.

DXC salt lake Sampling by Mianping was done on a 2 km X 2 km grid with 106 samples taken at 16 sample points at various depths. Location control was provided by GPS. If the water depth was less than 2 meters deep, one sample was taken; if the water depth was between 2 and 10 meters, then two samples were taken at 3 and 8 meters and if the water was deeper than 10 meters then three samples were taken. Each sample consisted of two 500 ml. bottles of brine.

The sampling method used a standard water sampling technique where a bottle is lowered into the lake to the required depth, the stopper removed, and the bottle allowed to fill. AAS analytical techniques were used to determine the composition of the brine sample. This sampling program was repeated several times during the various seasons of the year. Several hundred samples have been collected in this way and analyzed by Mianping at their AAS laboratory on site.

Two samples were collected by Norm Tribe for the confirmation of Mianping's assay and analyzed by an independent laboratory, ALS Canada Ltd., in Vancouver, BC. The results indicate that the concentration of salts is comparable with the results provided by Mianping. The lake water returned values of 376 ppm lithium, 893 ppm boron and 11,300 ppm potassium. This sample was collected from the lake at a depth of 1.0 meter.

The second sample was collected from the North East Thermal Spring. The analysis returned values of 2.18 ppm boron, 0.733 ppm lithium and 12.5 ppm potassium. These results indicate that the salts do not originate from this particular hot spring. Other springs such as the South Thermal Spring are reported to be high in salts.

Mianping's analytical procedures were also reviewed by the Resources & Reserve Audit Center of Ministry of Land and Resources of China.

The Company had no operating revenue except interest income of \$6,410 for the year ended May 31, 2007 and interest income of \$4,193 for the year ended May 31, 2006. The Company incurred expenses of \$911,276 stemming from Accounting audit and legal fees, consulting fees, Mineral property costs, travel, and general and administrative expenditures as compared to \$218,686 for the same period last year. The increase of \$692,590 was mainly due to the mineral property costs in 2007 compared to 2006.

The following table shows the company's mineral property costs in 2006 and 2007. The mining permit cost for DXC Salt Lake Property significantly increased its mineral property costs for the year ending May 31, 2007:

	DXC Salt Lake Property	Jiajika Spodumene Property	DX Polymetallic Property	Lushi Spodumene Property	DHLT Spodumene Property	Total
Balance, May 31, 2005	-	375,748	39,446	70,670	707	486,571
Administrative	5,560	2,100	577	-	50	8,287
Consulting fees	46,629	12,062	9,688	2,242	-	70,621
Engineering studies	26,933	-	-	-	-	26,933
Feasibility study	29,080	-	-	-	-	29,080
Geophysical study	31,114	-	-	-	-	31,114
Legal fees	623	-	-	-	247	870
Topography measurement	32,266	-	-	-	-	32,266
Travel	30,953	8,009	2,046	-	7,205	48,213
Wages and benefits	33,601	-	-	-	-	33,601
Cost recovery	-	(309,058)	-	-	-	(309,058)

Balance, May 31, 2006	236,759	88,861	51,757	72,912	8,209	458,498
Administrative	5,200	-	-	-	-	5,200
Consulting fees	134,580	-	-	-	-	134,580
Engineering studies	38,063	-	-	-	-	38,063
Mining permit	382,920	-	-	-	-	382,920
Topography measurement	15,001	-	-	-	-	15,001
Legal fees	9,695	-	-	-	-	9,695
Travel	53,262	488	-	-	-	53,750
Wages and benefits	35,687	-	-	-	-	35,687
Balance, May 31, 2007	<u>\$ 911,167</u>	<u>\$ 89,349</u>	<u>\$ 51,757</u>	<u>\$ 72,912</u>	<u>\$ 8,209</u>	<u>\$ 1,133,394</u>

The Company also incurred expenses on the following related party transactions during year ended May 31, 2007:

- (a) The Company was charged consulting fees during the year ended May 31, 2007 totalling \$115,722 (2006: \$123,173) by companies controlled by two directors of the Company.
- (b) The Company was charged rental fees included in General and Administrative during the year ended May 31, 2007 totalling \$13,869 (2006: \$10,016) by a company controlled by a director of the Company.
- (c) The Company was charged mineral property costs - consulting during the year ended May 31, 2007 in the amount of \$45,008 (2006: \$43,296) by a company controlled by a director of the Company.
- (d) Included in accounts payable is \$219,501 (2006: \$23,814) which is due to the companies controlled by the directors of the Company for their services provided.

The Company expects the trend of losses to continue at an increasing rate until we can achieve commercial production on some of the mineral properties. However, there can be no assurance that commercial production will be possible on any of the properties in the near or distant future.

Liquidity and Working Capital

As of May 31, 2007, the Company had total current assets of \$314,611, and total liabilities of \$272,456. The Company has a working capital surplus of \$42,155 as a result of the proceeds of \$412,545 from a private placement commenced in August 2006.

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

RISK FACTORS

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

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

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

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

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 May 31, 2007, there were approximately 43,501,490 shares of common stock outstanding. There can be no assurance that a trading market will be sustained in the future.

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.

The effects of inflation have not had a material impact on its operation, nor is it expected to in the immediate future.

Political Risks

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

Market Risk

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

Other Risks and Uncertainties

The business of mineral deposit exploration and 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.

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

OUTLOOK

The Company is under going feasibility studies and engineering studies for the development of the DXC salt lake property in Tibet and seeking the approval for the establishment of Joint Venture Company from Tibet regulatory authorities. The Company is also seeking to identify undervalued mineral assets in China and other countries.

Application of Critical Accounting Policies

Our consolidated financial statements and accompanying notes are prepared in accordance with generally accepted accounting principles in the United States. Preparing financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, and expenses. These estimates and assumptions are affected by management's application of accounting policies. We believe that understanding the basis and nature of the estimates and assumptions involved with the following aspects of our consolidated financial statements is critical to an understanding of our financial statements.

Going Concern

These 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 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 consolidated financial statements.

Item 7. Financial Statements.

The response to this item is included as a separate Exhibit to this report. Please see pages F-1 through F-22

Our financial statements are stated in United States Dollars (US\$) and are prepared in accordance with United States Generally Accepted Accounting Principles.

The Report of Independent Auditor's by Amisano Hanson for the audited consolidated financial statements for the year ended May 31, 2007 are included herein immediately preceding the audited financial statements.

Item 8. Changes In & Disagreements With Accountants on Accounting & Financial Disclosure

Amisano Hanson, Chartered Accountants (the "New Accountant") has been engaged as principle independent accountants for Sterling Group Ventures, Inc. (the "Company") effective June 17, 2004 and until the New Accountant chooses to resign or the Company chooses to dismiss them. Amisano Hanson, Chartered Accountants replaces Cordovano and Honeck, P.C. (the "Former Accountant") as principal independent accountants as of June 17, 2004, the date the Former Accountants were dismissed by the Company. The decision to change accountants has been approved by the Company's board of directors.

Other than as disclosed in the previous paragraph, there have been no changes in or disagreements with our accountants on issues of accounting or financial disclosure since inception of Sterling on September 13, 2001.

Item 8A. Controls and Procedures

Based on an evaluation as of the date of the end of the period covered by this report, the Company's Chief Executive Officer and Chief Financial Officer, conducted an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures, as required by Exchange Act Rule 13a-15. Based on that evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective as of the end of the period covered by this report.

There were no changes in the Company's internal controls over financial reporting that occurred during the year ended May 31, 2007 that have significantly affected, or are reasonably likely to significantly affect, the Company's internal control over financial reporting.

Item 8B. Other Information

None.

PART III

Item 9. Directors, Executive Officers, Promoters and Control Persons

All directors of our company hold office until the next annual general meeting of the shareholders or until their successors are duly elected and qualified. The officers of our company are appointed by our board of directors and hold office until the earlier of death, retirement, resignation or removal.

Our directors, executive officers and other significant employees, their ages, positions held and duration each person has held that position, are as follows:

Name	Position Held with the Company	Age	Date First Elected / Appointed
Richard Shao	President, Director	44	January 21, 2004
Raoul Tsakok	Chairman	57	January 21, 2004
Gerald Runolfson	Director	67	April 5, 2004
Robert Smiley	Director	63	June 6, 2007

Business Experience

The following sets forth the business experience of each of the Registrant's directors and executive officers:

Raoul N. Tsakok, Chairman

Mr. Tsakok has worked in the Investment Management business for over 30 years. He has been chairman of Sagit Investment Management Ltd. since 1987. He has been Chairman of Richco Investors Inc. for almost 20 years. He holds an MBA degree and is a Chartered Financial Analyst (CFA).

Xuxin (Richard) Shao, President and Director

Mr. Shao was born and educated in China. He received his degrees from engineering schools in China, specializing in mineral processing. Between his Bachelor and Ph.D. degrees, he held a research engineer position with the Chemical Mines Design and Research Institute of the Ministry of Chemical Industry in Lianyun Harbour, Jiangsu, China. During his graduate studies at the China University of Mining and Technology, he conducted research on

phosphate flotation using interfacial, colloidal and solution chemical theories and authored and coauthored more than 50 research reports and publications on this and other related subjects. After receiving his Ph.D. in 1990 from China University of Mining and Technology, Mr. Shao taught as an associate Professor and was acting Department Head in Mineral Processing at the China University of Mining and Technology for six years.

In 1996, Mr. Shao accepted a position as Research Scientist for the Center for Applied Energy Research at the University of Kentucky in cooperation with the Department of Energy of the US Federal Government. Since 1998, Dr. Shao has worked as an advisor to a number of companies in the evaluation and processing of minerals in North America and China.

Gerald Runolfson, Professional Engineer, Director

Mr. Runolfson is a professional engineer (P. Eng.) and has been in the construction industry for over 35 years. He is currently President and controlling shareholder of Elkon Products Inc., a company that has the exclusive distribution rights for all silica fume produced in Canada. Silica fume is used in oil well cementing operation and concrete construction. Major customers include Halliburton and BJ Services. Mr. Runolfson has been a Director of a number of public companies.

Robert G. Smiley, L.L.B., Director

Mr. Smiley is a business consultant working with junior companies. He has been self-employed in this capacity for the past ten years. He is a former lawyer who specialized in oil and gas and securities law for twenty-five years. He is currently president of Richco Investors Inc. and Drucker, Inc. and a director of Canadian Imperial Ventures Corp., Teuton Resource Corp. and Silver Grail Resources Inc. He has served on the boards of a number of junior and intermediate companies in the past.

Our directors, executive officers and control persons have not been involved in any of the following events during the past five years:

1. any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;
2. any conviction in a criminal proceeding or being subject to a pending criminal proceeding (excluding traffic violations and other minor offences);
3. being subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities or banking activities; or
4. being found by a court of competent jurisdiction (in a civil action), the Commission or the Commodity Futures Trading Commission to have violated a federal or state securities or commodities law, and the judgment has not been reversed, suspended, or vacated.

Item 10. Executive Compensation.

(a) Officers' Compensation.

Compensation paid by the Company for all services provided up to the fiscal year ended May 31, 2007 to each of the executive officers and to all officers as a group is set forth below.

SUMMARY COMPENSATION TABLE OF EXECUTIVES

Name and Principal Position	Year	Cash Compensation			Restricted Stock Awards	Security Grants			
		Salary (\$)	Bonus	Annual Compensation / Other (\$)		Securities Underlying Options / SARs (#) (SHARES)	Long Term Compensation / Options	LTIP Payments	All Other Compensation

Richard Shao President	2004	0	0	7,869	0	800,000(1)	0	0	0
	2005	0	0	54,417	0	0	0	0	0
	2006	0	0	61,852	0	0	0	0	0
	2007	0	0	64,298	0	0	0	0	0
Raoul Tsakok Chairman	2004	0	0	0	0	800,000(2)	0	0	0
	2005	0	0	63,000	0	0	0	0	0
	2006	0	0	84,000	0	0	0	0	0
	2007	0	0	75,000	0	0	0	0	0
Kathy Wang Secretary	2004	0	0	4,722	0	200,000(3)	0	0	0
	2005	0	0	19,490	0	0	0	0	0
	2006	0	0	20,617	0	0	0	0	0
	2007	0	0	21,432	0	0	0	0	0
Officers as A Group	2004	0	0	12,591	0	1,800,000	0	0	0
	2005	0	0	136,907	0	0	0	0	0
	2006	0	0	166,469	0	0	0	0	0
	2007	0	0	160,730	0	0	0	0	0

(1) 800,000 options to purchase shares at \$0.50 per share.

(2) 800,000 options to purchase shares at \$0.50 per share.

(3) 200,000 options to purchase shares at \$0.50 per share.

(b) Directors' Compensation

Directors who are also officers receive no cash compensation for services as a director. However, the directors will be reimbursed for out-of-pocket expenses incurred in connection with attendance at board and committee meetings. The Company has granted options to directors under its 2004 Incentive Stock Option Plan subsequently adopted.

SUMMARY COMPENSATION TABLE OF DIRECTORS
(For fiscal year ended May 31, 2007)

Name and Principal Position	Year	Cash Compensation			Security Grants			
		Annual Retainer Fees (\$)	Meeting Fees (\$)	Consulting Fees/ Other Fees (\$)	Number of Shares (#)	Securities Underlying Options / SARs (#) (SHARES)	LTIP Payments	All Other Compensation
Raoul Tsakok Director	2004	0	0	0	0	800,000(1)	0	0
	2005	0	0	0	0	0	0	0
	2006	0	0	0	0	0	0	0
	2007	0	0	0	0	0	0	0
Brian Doutaz Director (Resigned on April 5, 2004)	2004	0	0	0	0	0	0	0
Richard Shao Director	2004	0	0	0	0	800,000 (2)	0	0
	2005	0	0	0	0	0	0	0
	2006	0	0	0	0	0	0	0
	2007	0	0	0	0	0	0	0
Patrick Chan Director (Resigned on June 4, 2007)	2004	0	0	0	0	300,000(3)	0	0
	2005	0	0	0	0	0	0	0
	2006	0	0	0	0	0	0	0
	2007	0	0	0	0	0	0	0
Gerald Runolfson Director	2004	0	0	0	0	300,000(4)	0	0
	2005	0	0	0	0	0	0	0
	2006	0	0	0	0	0	0	0
	2007	0	0	0	0	0	0	0

James Hutchison Director (Resigned on Jan. 21, 2004)	2004	0	0	0	0	0	0	0
Directors as a Group	2004	0	0	0	0	2,200,000	0	0
	2005	0	0	0	0	0	0	0
	2006	0	0	0	0	0	0	0
	2007	0	0	0	0	0	0	0

- (1) 800,000 options to purchase shares at \$0.50 per share.
- (2) 800,000 options to purchase shares at \$0.50 per share.
- (3) 300,000 options to purchase shares at \$0.50 per share.
- (4) 300,000 options to purchase shares at \$0.50 per share.

During the year ended May 31, 2004, we granted 2,100,000 stock options to our directors or officers. The options were granted at an exercise price of \$0.50 per share with an expiry date of February 3, 2009. During the year ended May 31, 2007, no stock options were granted to our directors or officers.

Directors are entitled to reimbursement for reasonable travel and other out-of-pocket expenses incurred in connection with attendance at meetings of our board of directors. Our board of directors may award special remuneration to any director undertaking any special services on our behalf other than services ordinarily required of a director. No director received and/or accrued any compensation for their services as a director, including committee participation and/or special assignments.

There are no management agreements with our directors or executive officers and we do not anticipate that written agreements will be put in place in the foreseeable future.

We have no plans or arrangements in respect of remuneration received or that may be received by our executive officers to compensate such officers in the event of termination of employment (as a result of resignation, retirement, change of control) or a change of responsibilities following a change of control.

There are no plans or arrangements in which we provide pension, retirement or similar benefits for directors or executive officers. We have no material bonus or profit sharing plans pursuant to which cash or non-cash compensation is or may be paid to our directors or executive officers, except that stock options may be granted at the discretion of the Board of Directors or a committee thereof.

Item 11. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

The following table sets forth, as of August 8, 2007, certain information with respect to the beneficial ownership of our common shares by each shareholder known to us to be the beneficial owner of 5% of our common shares, and by each of our officers and directors. Each person has sole voting power with respect to the common shares, except as otherwise indicated. Beneficial ownership consists of a direct interest in the common shares, except as otherwise indicated. As of August 8, 2007, there were 43,501,490 common shares issued and outstanding.

Title of Class	Name and Address of Beneficial Owner (1)	Amount and Nature of Beneficial Ownership	Percentage of Class(2)
Common stock	Raoul Tsakok	15,800,000 (3) (4)	36.3%
Common stock	Richard Shao	4,800,000 (5)	11.0%
Common stock	Gerald Runolfson	1,800,000 (7) (8)	4.1%
Common stock	Robert Smiley	0	0
	TOTAL	22,400,000	51.4%

- (1) The address of each beneficial owner is 900 – 789 West Pender Street, Vancouver, BC V6C 1H2 Canada
- (2) Based on 43,501,490 shares outstanding as of August 8, 2007 and, as to a specific person, shares issuable pursuant to the conversion or exercise, as the case may be, of currently exercisable or convertible debentures, share purchase warrants and stock options within 60 days.
- (3) 15,000,000 common shares held through Cobilco Inc.
- (4) Raoul Tsakok has 800,000 options to purchase shares at \$0.50 per share.
- (5) Includes 800,000 options to purchase shares at \$0.50 per share.
- (6) Patrick Chan has 300,000 options to purchase shares at \$0.50 per share.
- (7) Includes 600,000 common shares and 300,000 “A” warrants, 300,000 “B” warrants and 300,000 “C” warrants held through Elkon Products Inc.
- (8) Gerald Runolfson has 300,000 options to purchase share at \$0.50 per share.

Changes in Control

We are unaware of any contract or other arrangement the operation of which may at a subsequent date result in a change in control of our company.

Item 12. Certain Relationships and Related Transactions.

There have been no transactions, or proposed transactions, which have materially affected or will materially affect us in which any director, executive officer or beneficial holder of more than 10% of the outstanding common stock, or any of their respective relatives, spouses, associates or affiliates, has had or will have any direct or material indirect interest.

As at the date of this annual report, we do not have any policies in place with respect to whether we will enter into agreements with related parties in the future.

Item 13. Exhibits, Financial Statement Schedules, and Reports on Form 8-K.

- a) Financial Statements and Schedules. The following financial statements and schedules for the Company as of May 31, 2007 and 2006 are filed as part of this report.

- (1) Financial Statements of Sterling Group Ventures, Inc.

	<u>Page</u>
Report of Independent Registered Public Accounting Firm	F-2
Consolidated Balance Sheets	F-3
Consolidated Statements of Operations	F-4
Consolidated Statements of Stockholders' Equity (Deficiency)	F-5 - F-7
Consolidated Statements of Cash Flows	F-8 - F-9
Notes to Consolidated Financial Statements	F-10 to F-22

- (2) Financial Statement Schedules

All schedules are omitted because they are not applicable or the required information is shown in the financial statements or notes thereto.

STERLING GROUP VENTURES, INC.

(An Exploration Stage Company)

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

May 31, 2007 and 2006

(Stated in US Dollars)

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders,
Sterling Group Ventures, Inc.

We have audited the accompanying consolidated balance sheets of Sterling Group Ventures, Inc. (An Exploration Stage Company) and its subsidiaries as of May 31, 2007 and 2006 and the related consolidated statements of operations, stockholders' equity (deficiency) and cash flows for the years ended May 31, 2007 and 2006 and for the period from date of inception, July 27, 1994 to May 31, 2006. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States of America). Those standards require that we plan and perform an audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, these consolidated financial statements referred to above present fairly, in all material respects, the financial position of Sterling Group Ventures, Inc. and its subsidiaries as of May 31, 2007 and 2006 and the results of their operations and their cash flows for the years ended May 31, 2007 and 2006 and for the period from date of inception, July 27, 1994 to May 31, 2007, in conformity with accounting principles generally accepted in the United States of America.

The accompanying consolidated financial statements referred to above have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Company is in the exploration stage, and has no established source of revenue and is dependent on its ability to raise capital from shareholders or other sources to sustain operations. These factors, along with other matters as set forth in Note 1, raise substantial doubt that the Company will be able to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of these uncertainties.

Vancouver, Canada
August 1, 2007

"AMISANO HANSON"
Chartered Accountants

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

<u>ASSETS</u>	<u>2007</u>	<u>2006</u>
Current		
Cash and cash equivalents – Note 6	\$ 289,330	\$ 349,954
GST receivable	9,128	13,787
Prepaid expenses	1,964	1,196
Advance receivable – Notes 3 and 6	<u>14,189</u>	<u>36,531</u>
Total current assets	314,611	401,468
Mineral property deposit – Note 4	-	124,600
Equipment – Note 5	<u>2,911</u>	<u>2,986</u>
Total Assets	<u><u>\$ 317,522</u></u>	<u><u>\$ 529,054</u></u>

LIABILITIES

Current		
Accounts payable and accrued liabilities – Note 6	\$ 272,456	\$ 77,361

STOCKHOLDERS' EQUITY

Capital stock – Notes 4 and 7		
Common stock, \$0.001 par value		
500,000,000 authorized		
43,501,490 issued and outstanding (2006: 40,277,500)	43,502	40,278
Additional paid-in capital	2,633,768	2,190,611
Warrants	51,587	40,110
Accumulated other comprehensive loss	(583)	(583)
Deficit accumulated during the exploration stage	<u>(2,683,208)</u>	<u>(1,818,723)</u>
Total stockholders' equity	<u>45,066</u>	<u>451,693</u>
Total Liabilities and Stockholders' Equity	<u><u>\$ 317,522</u></u>	<u><u>\$ 529,054</u></u>

Nature and Continuance of Operations – Note 1
Commitments – Notes 4 and 7
Subsequent Events – Note 4

STERLING GROUP VENTURES, INC.
(An Exploration Stage Company)
CONSOLIDATED STATEMENTS OF OPERATIONS
for the years ended May 31, 2007 and 2006 and
for the period from July 27, 1994 (Date of Inception) to May 31, 2007
(Stated in US Dollars)

	Years ended May 31,		July 27, 1994 (Date of Inception) to May 31, 2007
	<u>2007</u>	<u>2006</u>	<u>2007</u>
Expenses			
Accounting, audit and legal fees	\$ 90,297	\$ 60,509	\$ 276,192
Bank charges	360	171	1,303
Consulting fees – Note 6	116,655	126,741	446,571
Depreciation	2,708	1,829	5,871
Filing and transfer agent fees	2,724	6,023	32,863
Foreign exchange loss (gain)	(11,047)	(5,906)	(13,383)
General and administrative – Note 6	19,288	13,006	52,247
Mineral property costs (recovery) – Notes 4(b), 6 and 11	674,896	(28,073)	1,133,394
Printing and mailing	-	1,523	16,883
Shareholder information and investor relations	-	21,553	59,700
Stock-based compensation	-	-	368,641
Travel and entertainment	<u>15,395</u>	<u>21,310</u>	<u>119,084</u>
Loss before other item	<u>(911,276)</u>	<u>(218,686)</u>	<u>(2,499,366)</u>
Other items			
Interest income	6,410	4,193	22,485
Recovery of doubtful collection – Note 4(b)	40,381	-	40,381
Allowance for doubtful collection – Note 4(b)	<u>-</u>	<u>(246,708)</u>	<u>(246,708)</u>
	<u>46,791</u>	<u>(242,515)</u>	<u>(183,842)</u>
Net loss for the period	<u>\$ (864,485)</u>	<u>\$ (461,201)</u>	<u>\$ (2,683,208)</u>
Basic and diluted loss per share	<u>\$ (0.02)</u>	<u>\$ (0.01)</u>	
Weighted average number of shares outstanding	<u>42,508,578</u>	<u>40,277,500</u>	

STERLING GROUP VENTURES, INC.
(An Exploration Stage Company)
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIENCY)
for the period from July 27, 1994 (Date of Inception) to May 31, 2007
(Stated in US Dollars)

	<u>Common Shares</u>		<u>Additional</u>		<u>Accumulated</u>	<u>Deficit</u>	
	<u>Number</u>	<u>Par Value</u>	<u>Paid-in</u>	<u>Warrants</u>	<u>Other</u>	<u>Accumulated</u>	<u>Total</u>
			<u>Capital</u>		<u>Comprehensive</u>	<u>During the</u>	
					<u>Loss</u>	<u>Exploration</u>	
						<u>Stage</u>	
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 for the year	-	-	-	-	-	(1,860)	(1,860)
Balance, May 31, 2002	1	1	1,881	-	-	(9,762)	(7,880)
Net loss for 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 for the year	-	-	-	-	-	(527,446)	(527,446)

.../cont'd

STERLING GROUP VENTURES, INC.
(An Exploration Stage Company)
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIENCY)
for the period from July 27, 1994 (Date of Inception) to May 31, 2006
(Stated in US Dollars)

Continued

	<u>Common Shares</u>		<u>Additional Paid-in Capital</u>	<u>Warrants</u>	<u>Accumulated Other Comprehensive Loss</u>	<u>Deficit Accumulated During the Exploration Stage</u>	<u>Total</u>
	<u>Number</u>	<u>Par Value</u>					
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 - at \$0.50	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 - at \$0.42	100,000	100	41,900	-	-	-	42,000
Net loss for 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)

.../cont'd

STERLING GROUP VENTURES, INC.

Continued

(An Exploration Stage Company)

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIENCY)

for the period from July 27, 1994 (Date of Inception) to May 31, 2006

(Stated in US Dollars)

	<u>Number</u>	<u>Par Value</u>	<u>Additional Capital</u>	<u>Warrants</u>	<u>Accumulated Other Loss</u>	<u>Deficit Accumulated During the Stage</u>	<u>Total</u>
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 - at \$0.175	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 - at \$0.14	350,000	350	48,650	-	-	-	49,000
Net loss for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(864,485)</u>	<u>(864,485)</u>
Balance, May 31, 2007	<u>43,501,490</u>	<u>\$ 43,502</u>	<u>\$ 2,633,768</u>	<u>\$ 51,587</u>	<u>\$ (583)</u>	<u>\$ (2,683,208)</u>	<u>\$ 45,066</u>

STERLING GROUP VENTURES, INC.
(An Exploration Stage Company)
CONSOLIDATED STATEMENTS OF CASH FLOWS
for the years ended May 31, 2007 and 2006 and
for the period from July 27, 1994 (Date of Inception) to May 31, 2007
(Stated in US Dollars)

	Years ended May 31,		July 27, 1994 (Date of Inception) to May 31,
	<u>2007</u>	<u>2006</u>	<u>2007</u>
Cash Flows from Operating Activities			
Net loss for the period	\$ (864,485)	\$ (461,201)	\$ (2,683,208)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:			
Stock compensation expenses	-	-	368,641
Depreciation	2,708	1,829	5,871
Permit and engineering studies	-	-	150,000
Shareholder information and investor relations	-	-	20,447
Accounting, audit and legal fees	49,000	-	49,000
Foreign exchange translation adjustment	-	-	(106)
Change in non-cash working capital items related to operations:			
GST receivable	4,659	(693)	(9,128)
Prepaid expenses	(768)	26,897	19,589
Advance receivable	22,342	(36,531)	(14,189)
Accounts payable and accrued liabilities	<u>195,095</u>	<u>31,634</u>	<u>272,456</u>
Cash flows used in operating activities	<u>(591,449)</u>	<u>(438,065)</u>	<u>(1,820,627)</u>
Cash Flows from Investing Activities			
Advance on investment	-	-	(150,000)
Mineral property deposit	124,600	(124,600)	-
Additions to equipment	<u>(2,633)</u>	<u>(724)</u>	<u>(8,782)</u>
Cash flows provided by (used in) investing activities	<u>121,967</u>	<u>(125,324)</u>	<u>(158,782)</u>
Cash Flows from Financing Activities			
Net proceeds on issuance of common stock	408,858	-	2,266,858
Amounts contributed by director	<u>-</u>	<u>-</u>	<u>1,881</u>
Cash flows provided by financing activities	<u>408,858</u>	<u>-</u>	<u>2,268,739</u>
			.../cont'd

STERLING GROUP VENTURES, INC.
(An Exploration Stage Company)
CONSOLIDATED STATEMENTS OF CASH FLOWS
for the years ended May 31, 2007 and 2006 and
for the period from July 27, 1994 (Date of Inception) to May 31, 2007
(Stated in US Dollars)

Continued

	Years ended May 31,		July 27, 1994 (Date of (Inception) to May 31, 2007
	<u>2007</u>	<u>2006</u>	<u>2007</u>
Net increase (decrease) in cash and cash equivalents	(60,624)	(563,389)	289,330
Cash and cash equivalents, beginning of the period	<u>349,954</u>	<u>913,343</u>	<u>-</u>
Cash and cash equivalents, end of the period	<u>\$ 289,330</u>	<u>\$ 349,954</u>	<u>\$ 289,330</u>
Cash and cash equivalents consist of:			
Cash	\$ 118,034	\$ 274,463	\$ 118,034
Term deposits	<u>171,296</u>	<u>75,491</u>	<u>171,296</u>
	<u>\$ 289,330</u>	<u>\$ 349,954</u>	<u>\$ 289,330</u>
Supplemental Information:			
Cash paid for:			
Interest	\$ -	\$ -	\$ -
Income taxes	-	-	-
Non-cash Transactions:			
Issuance of shares for commission paid to broker for private placement	\$ 21,646	\$ 50,750	\$ 72,396
Issuance of shares for services rendered	49,000	42,000	91,000
Issuance of share purchase warrants for finder's fee paid to broker for private placement	11,477	-	11,477

STERLING GROUP VENTURES, INC.
(An Exploration Stage Company)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
May 31, 2007 and 2006
(Stated in US Dollars)

Note 1 Nature and Continuance of Operations

The Company is in the exploration stage. The Company has entered into several 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, confirmation of the Company's interest in the underlying property, 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 and 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. At May 31, 2007, the Company had not yet achieved profitable operations, has accumulated losses of \$2,683,208 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.

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 parent and the Company being the accounting subsidiary.

Note 2 Summary of Significant Accounting Policies

The consolidated financial statements of the Company have been prepared in accordance with generally accepted accounting principles in the United States of America. Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of consolidated financial statements for a period necessarily involves the use of estimates, which have been made using careful judgement. Actual results may vary from these estimates.

Note 2 Summary of Significant Accounting Policies – (cont'd)

The consolidated financial statements have, in management's opinion, been properly prepared within the framework of the significant accounting policies summarized below:

Exploration Stage Company

The Company complies with Financial Accounting Standard Board Statement No. 7 and Securities and Exchange Commission Act Guide 7 for its characterization of the Company as an exploration stage company.

Principles of Consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, Micro Express Holdings Inc., Micro Express Ltd., Huyana Ventures Limited., Makaelo Holdings Inc. and Makaelo Limited. All inter-company transactions and account balances have been eliminated. The Company's subsidiaries are all incorporated under the laws of the Territory of the British Virgin Islands on the following dates: Micro Express Holdings Inc. was incorporated on February 25, 2004; Micro Express Ltd. was incorporated on July 27, 1994; Huyana Ventures Limited was incorporated on August 18, 2004; Makaelo Holdings Inc. was incorporated on March 21, 2005 and Makaelo Limited was incorporated on February 14, 2005.

Cash and Cash Equivalents

For the purposes of the statements of cash flows, the Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

Mineral Properties

Costs of acquiring mineral properties are capitalized by the project area unless the mineral properties do not have proven reserves. 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. 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.

Note 2 Summary of Significant Accounting Policies – (cont'd)

Impairment of Long-lived Assets

In accordance with Financial Accounting Standards Board (“FASB”) Statement of Financial Accounting Standards (“SFAS”) No. 144, “Accounting for the Impairment or Disposal of Long-Lived Assets”, the carrying value of intangible assets and other long-lived assets are reviewed on a regular basis for the existence of facts or circumstances that may suggest impairment. The Company recognizes impairment when the sum of the expected undiscounted future cash flows is less than the carrying amount of the asset. Impairment losses, if any, are measured as the excess of the carrying amount of the asset over its estimated fair value.

Asset Retirement Obligations

The Company recognizes the fair value of a liability for an asset retirement obligation in the year in which it is incurred when a reasonable estimate of fair value can be made. The carrying amount of the related long-lived asset is increased by the same amount as the liability.

Changes in the liability for an asset retirement obligation due to the passage of time will be measured by applying an interest method of allocation. The amount will be recognized as an increase in the liability and an accretion expense in the statement of operations. Changes resulting from revisions to the timing or the amount of the original estimate of undiscounted cash flows are recognized as an increase or a decrease in the carrying amount of the liability for an asset retirement obligation and the related asset retirement cost capitalized as part of the carrying amount of the related long-lived asset.

Equipment

Equipment is stated at cost. Depreciation is provided on a straight-line basis over 3 years.

Income Taxes

The Company follows SFAS No. 109, “Accounting for Income Taxes”, which requires the use of the asset and liability method for accounting for income taxes. Under the asset and liability method of FAS No. 109, deferred tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the financial statements carrying amounts of existing assets and liabilities and loss carry-forwards and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the year in which those temporary differences are expected to be recovered or settled.

Note 2 Summary of Significant Accounting Policies – (cont'd)

Financial Instruments

The carrying value of cash and cash equivalents, advance receivable and accounts payable and accrued liabilities approximates fair value because of the short maturity of these instruments. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

Concentration of Credit Risk

The Company places its cash and cash equivalents with high credit quality financial institutions. As of May 31, 2007, the Company had no deposit in a bank beyond insured limits.

Basic Loss per Share

The Company reports basic loss per share in accordance with SFAS No. 128, "Earnings Per Share". Basic loss per share is computed using the weighted average number of shares outstanding during the years. Diluted loss per share has not been provided as it would be antidilutive.

Comprehensive Loss

The Company reports comprehensive income (loss) in accordance with SFAS No. 130, "Reporting Comprehensive Income". Comprehensive loss is comprised of foreign currency translation adjustments.

Foreign Currency Translation

Foreign currency transactions are translated into US dollars, the functional and reporting currency, by the use of the exchange rate in effect at the date of the transaction, in accordance with SFAS No. 52, "Foreign Currency Translation".

Assets and liabilities denominated in a foreign currency are translated at the exchange rate in effect at the period end and capital accounts are translated at historical rates. Income statement accounts are translated at the average rates of exchange prevailing during the period. Translation adjustments from the use of different exchange rates from period to period are included in the Comprehensive Income account in Stockholder's Equity, if applicable.

Transactions undertaken in currencies other than the functional currency of the entity are translated using the exchange rate in effect as of the transaction date. Any exchange gains and losses are included in the Statement of Operations.

Note 2 Summary of Significant Accounting Policies – (cont'd)

Stock-based Compensation

On June 1, 2006, the Company adopted the fair value recognition provisions of FAS No. 123(R), Share-Based Payment, ("FAS 123R"). Prior to June 1, 2006, the Company accounted for stock-based payments under the recognition and measurement provisions of APB Opinion No. 25, Accounting for Stock Issued to Employees ("APB 25"), and related Interpretations, as permitted by FAS No. 123, Accounting for Stock-Based Compensation ("FAS 123"). In accordance with APB 25, no compensation cost was required to be recognized for options granted that had an exercise price equal to the market value of the underlying common stock on the date of grant.

The Company adopted FAS 123R using the modified-prospective transition method. Under that transition method, compensation cost recognized for the year ended May 31, 2007 and thereafter will include: (a) compensation costs for all share-based payments granted prior to, but not yet vested as of June 1, 2006, based on the grant-date fair value estimated in accordance with the original provisions of FAS 123, and (b) compensation cost for all share-based payments granted subsequent to June 1, 2006, based on the grant-date fair value estimated in accordance with the provisions of FAS 123R. The financial results for the prior periods have not been restated. The Company will amortize stock compensation cost rateable over the requisite service period. Adoption of FAS123R has no impact on the financial statements of the Company.

New Accounting Pronouncements

In June 2006, the Financial Accounting Standards Board ("FASB") issued FASB Interpretation No. 48, *Accounting for Uncertainties in Income Taxes*, ("FIN 48"). FIN 48 clarifies the accounting for uncertainty in income taxes and prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FIN 48 is effective for financial statements as of December 15, 2006. The adoption of FIN 48 is expected to have no impact on the Company's financial statements.

In September 2006, the FASB issued Statement of Financial Accounting Standards No. 157, *Fair Value Measurements* ("FAS 157"). FAS 157 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements but does not require any new fair value measurements. FAS 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. The Company has not yet determined the impact of applying FAS 157.

Note 2 Summary of Significant Accounting Policies – (cont’d)

New Accounting Pronouncements – (cont’d)

In September 2006, the FASB issued Statement of Financial Accounting Standards No. 158, *Employers’ Accounting for Defined Benefit Pension and Other Postretirement Plans*, (“FAS 158”). FAS 158 requires an employer to recognize the overfunded or underfunded status of a defined benefit postretirement plan (other than a multiemployer plan) as an asset or liability in its statement of financial position and to recognize changes in that funded status in the year in which the changes occur through comprehensive income. FAS 158 is effective for financial statements as of December 31, 2006. The adoption of FAS No. 158 is expected to have no impact on the Company's financial statements.

In February 2007, the FASB issued FAS No. 159, *“The Fair Value Option for Financial Assets and Financial Liabilities - Including an amendment of FASB Statement No. 115”*, (“FAS 159”) which permits entities to choose to measure many financial instruments and certain other items at fair value at specified election dates. A business entity is required to report unrealized gains and losses on items for which the fair value option has been elected in earnings at each subsequent reporting date. This statement is expected to expand the use of fair value measurement. FAS 159 is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. The Company has not yet determined the impact of applying FAS159.

Note 3 Advance Receivable – Note 6

Advance receivable is intended to be utilized against expenses in the year ended May 31, 2008.

Note 4 Mineral Properties

a) Dangxiongcuo Salt Lake Project

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

Pursuant to the Agreement, the parties have agreed to set up a Cooperative Company, (the “Cooperative”) to develop the DXC Salt Lake. The objective of the Cooperative is to use the funds provided by the Company and the skills and technology provided by the other party to produce lithium carbonate and borate from brine. The Company, through Micro, will own 65% of the Cooperative. It is anticipated that the total investment in the Cooperative will be approximately RMB240,000,000 (approximately \$31,440,000).

Note 4 Mineral Properties – (cont'd)

a) Dangxiongcuo Salt Lake Project – (cont'd)

As of May 31, 2007, the Company has incurred a total of \$911,167 in mineral property costs. At May 31, 2006, the Company had an outstanding advance of RMB1,000,000 (\$124,600).

On June 23, 2007, the Company entered into a consulting agreement with a Chinese company to assist the Company in obtaining certain government approvals to facilitate the establishment of a joint venture company that is required for the Company to continue the exploration and development of this project in Tibet. If the Chinese company is successful in its efforts, then it will be compensated by receiving from the Company an amount of shares equal to 10% of the Company's then issued and outstanding capital.

On July 3, 2007, Micro received a letter from the other party to the 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.

b) Jiajika Spodumene Property

On April 5, 2005, the Company, through its wholly-owned subsidiary Micro Express Ltd. ("MEL"), signed a joint venture contract with a Chinese partner for the establishment of a joint venture company, Jihai Lithium Ltd. and the development of the Jiajika lithium deposit in Kangding District, Sichuan Province, China. On March 3, 2006, both parties agreed to terminate the joint venture and the Chinese partner will pay back RMB2,480,000 (\$309,058) incurred by MEL on the project. The Chinese partner shall pay RMB1,200,000 (\$149,520) and RMB1,280,000 (\$159,538) before April 15, 2006 and March 30, 2007, respectively. If the Chinese partner does not pay the RMB1,280,000, the amount will be converted into an interest in the Jiajika project based on the percentage of MEL's investment as to the registered capital contribution in Jiajika project by the Chinese partner. As at May 31, 2006, the Company had received RMB500,000 (\$62,350) and a receivable of RMB1,980,000 (\$246,708) was recorded. As the Chinese partner has not paid the remaining RMB700,000 (\$87,170) and the recoverability of the RMB1,280,000 (\$159,538) was uncertain, the Company recorded an allowance for doubtful collection totaling \$246,708 for the year ended May 31, 2006.

During the year ended May 31, 2007, the Company received RMB300,000 (\$40,381) from the Chinese partner. This amount was reported as recovery of doubtful collection in the Consolidated Statements of Operation.

Note 4 Mineral Properties – (cont'd)

b) Jiajika Spodumene Property – (cont'd)

On June 15, 2007, the Company received RMB500,000 (\$65,596) from the Chinese partner.

As at May 31, 2007, the Company had incurred \$398,407 in the Jiajika Spodumene Property before the cumulative cost recovery of RMB800,000 (\$102,731) for the year ended May 31, 2007.

c) DX Polymetallic Project

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

The Project is comprised of two exploration permits, Donggou and Xiaoxigou, covering an area of about 52 square kilometers. The Project is located in Inner Mongolia. The Company has the right to earn 52% of a cooperative joint venture company by spending RMB 5,200,000 (\$650,000) for the exploration in the permit areas over three years with the first year contributing not less than RMB2,000,000 (\$240,900). The Company did not complete the required expenditures within the first year and was attempting to renegotiate this agreement.

As at May 31, 2006, the Company had incurred a total of \$51,757 in the DX Polymetallic Property and during the year ended May 31, 2007 has abandoned the property.

d) Lushi Spodumene Property

On December 28, 2003, the Company, through MEL, entered into a Letter of Intent to earn an interest of between 90% to 92% in a 30-year mining joint venture which will hold the rights to develop the Lushi Spodumene property located in Henan Province, China. The Company shall contribute the total investment in the project. The amount of the investment will be determined by a pre-feasibility study. On April 10, 2004, the Company entered into a formal joint venture agreement with its Chinese partner to commence earning its 92% interest.

As at May 31, 2006, the Company had incurred \$72,912 in the Lushi Spodumene Property and had abandoned the property.

Note 4 Mineral Properties – (cont'd)

e) DHLT Spodumene Property

On May 21, 2005, the Company, through its wholly-owned subsidiary, Huyana Ventures Limited (“Huyana”), signed a letter of intent (the “LOI”) with a Chinese partner for the development of Dahongliutan (“DHLT”) spodumene deposit located in Xinjiang Province of China. A joint venture company in Hetian City of Xinjiang Province in China will be set up to conduct the development and operation of the DHLT spodumene deposit in the areas that the Chinese partner has mining permits and where the Chinese partner is applying for additional mining permits. The business of the joint venture company will include mining and processing spodumene and comprehensive utilization of other associated rare metals. The Company shall contribute the total investment in the project for an 80% interest in the joint venture. The terms of the joint venture will be decided upon further negotiations and due diligence between the parties and will be subject to a formal contract to be signed by both parties.

As at May 31, 2006, the Company had incurred \$8,209 in the DHLT Spodumene Property and had abandoned the property.

Note 5 Equipment

	2007		
	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net</u>
Computer equipment	\$ <u>8,782</u>	\$ <u>5,871</u>	\$ <u>2,911</u>
	2006		
	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net</u>
Computer equipment	\$ <u>6,149</u>	\$ <u>3,163</u>	\$ <u>2,986</u>

The equipment is located in Canada and China.

Note 6 Related Party Transactions

The Company was charged consulting fees during the year ended May 31, 2007 totalling \$115,722 (2006: \$123,173) by companies controlled by two directors of the Company.

The Company was charged consulting fees – mineral property costs during the year ended May 31, 2007 totalling \$18,657 (2006: \$9,579) by the Vice President of Micro.

Note 6 Related Party Transactions – (cont'd)

The Company was charged rental fees included in General and Administrative during the year ended May 31, 2007 totalling \$13,869 (2006: \$10,016) by a company controlled by a director of the Company.

The Company was charged mineral property costs - consulting during the year ended May 31, 2007 in the amount of \$45,008 (2006: \$43,296) by a company controlled by a director of the Company.

Cash and cash equivalents at May 31, 2007 include \$66,136 (2006: \$290,194) held in trust by a director of the Company.

Included in advance receivable is \$14,189 (2006: \$33,595) advanced to the Vice-President of Micro. This is intended to be utilized against expenses in the year ended May 31, 2008.

Included in accounts payable is \$219,501 (2006: \$23,814) which is due to the companies controlled by the directors of the Company for their services provided.

Note 7 Capital Stock – Note 4

Commitments:

a) Capital Stock

The Company planned a private placement of up to 5,000,000 units at \$0.15 per unit for a total proceeds of \$750,000. Each unit consists of one common share and one share purchase warrant entitling the holder the right to purchase one common share at \$0.18 per share expiring on December 29, 2006 (the Series "C" Share Purchase Warrants). A 7% finder's fee will be paid in relation to the private placement. As at May 31, 2007, the Company had received total subscriptions of \$412,545 for 2,750,300 units. The private placement was closed without issuing the remaining 2,249,700 units. Finder's fee of 123,690 units with the aforementioned terms was issued.

b) Stock Options

On February 3, 2004, the Board of Directors of the Company has 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 years ended May 31, 2007 and 2006, no stock options were granted, exercised or cancelled.

As at May 31, 2007, there were a total of 3,636,000 stock options outstanding to directors and officers of the Company exercisable at \$0.50 per share, expiring on February 3, 2009.

Note 7 Capital Stock – Note 4 – (cont'd)

Commitments – (cont'd)

c) Share Purchase Warrants

During the year ended May 31, 2007, 2,873,990 Series “C” warrants were issued, including 123,690 warrants with a fair value of \$11,477 for a finder’s fee. Each Series “C” warrant entitles the holder thereof the right to purchase one common share at \$0.18 per share expiring on December 29, 2006. No warrant was exercised or cancelled during the period. On December 22, 2006, the Company extended the expiry date of the 2,873,990 Series “C” Share Purchase Warrants from December 29, 2006 to February 29, 2008. The exercise price of the warrants remains unchanged at \$0.18 per share.

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

As at May 31, 2007, the Company has a total of 3,817,500 and 2,873,990 Series “A” and “C” share purchase warrants outstanding, respectively.

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

- i) February 16, 2008; and
- ii) The 90th day after the day on which the weighted average trading price of the Company’s shares exceed \$0.85 per share for 30 consecutive trading days.

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

Note 8 Deferred Tax Assets

There is no current or deferred tax expense for the years ended May 31, 2007 and 2006, due to the Company's loss position. The Company has fully reserved for any benefits of these losses. The deferred tax consequences of temporary differences in reporting items for financial statement and income tax purposes are recognized, as appropriate.

Note 8 Deferred Tax Assets – (cont'd)

Realization of the future tax benefits related to the deferred tax assets is dependent on many factors, including the Company's ability to generate taxable income within the net operating loss carryforward period. Management has considered these factors in reaching its conclusion as to the valuation allowance for financial reporting purposes. The income tax effect of temporary differences comprising the deferred tax assets and deferred tax liabilities on the accompanying consolidated balance sheets is a result of the following:

	<u>2007</u>	<u>2006</u>
Deferred tax assets	\$ 329,452	\$ 252,182
Valuation allowance	<u>(329,452)</u>	<u>(252,182)</u>
Net deferred tax assets	<u>\$ -</u>	<u>\$ -</u>

All of the net operating loss carryforwards was generated by the parent company. The Company does not file a consolidated tax return because all of its subsidiaries are foreign corporations. Pursuant to the Tax Reform Act of 1986, annual utilization of the Company's net operating loss carryforwards may be limited if a cumulative change in ownership of more than 50% is deemed to occur within any three year period.

Note 9 Foreign Currency Risk

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

- cash \$66,121; and
- cost recovery receivable \$206,327.

Note 10 Income Taxes

No provision for income taxes has been provided for in these financial statements due to the net loss. At May 31, 2007, the Company has net operating loss carryforwards, which expire commencing in 2022, totalling approximately \$968,975, the benefit of which has not been recorded in the financial statements.

Note 11 Schedule of Mineral Property Costs

	DXC Salt Lake <u>Property</u>	Jiajika Spodumene <u>Property</u>	DX Polymetallic <u>Property</u>	Lushi Spodumene <u>Property</u>	DHLT Spodumene <u>Property</u>	<u>Total</u>
Balance, May 31, 2003	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Administrative	-	471	-	276	-	747
Consulting fees	-	9,263	-	3,027	-	12,290
Travel	-	<u>2,763</u>	-	<u>1,953</u>	-	<u>4,716</u>
Balance, May 31, 2004	-	12,497	-	5,256	-	17,753
Administrative	-	6,598	843	1,357	186	8,984
Consulting fees	-	33,799	6,552	18,925	-	59,276
Feasibility study	-	157,769	-	35,969	-	193,738
Exploration costs	-	-	30,266	-	-	30,266
Permit costs	-	150,000	-	-	-	150,000
Travel	-	<u>15,085</u>	<u>1,785</u>	<u>9,163</u>	<u>521</u>	<u>26,554</u>
Balance, May 31, 2005	-	375,748	39,446	70,670	707	486,571
Administrative	5,560	2,100	577	-	50	8,287
Consulting fees	46,629	12,062	9,688	2,242	-	70,621
Engineering studies	26,933	-	-	-	-	26,933
Feasibility study	29,080	-	-	-	-	29,080
Geophysical study	31,114	-	-	-	-	31,114
Legal fees	623	-	-	-	247	870
Topography measurement	32,266	-	-	-	-	32,266
Travel	30,953	8,009	2,046	-	7,205	48,213
Wages and benefits	33,601	-	-	-	-	33,601
Cost recovery – Note 4(b)	-	<u>(309,058)</u>	-	-	-	<u>(309,058)</u>
Balance, May 31, 2006	236,759	88,861	51,757	72,912	8,209	458,498
Administrative	5,200	-	-	-	-	5,200
Consulting fees – Note 6	134,580	-	-	-	-	134,580
Engineering studies	38,063	-	-	-	-	38,063
Mining permit	382,920	-	-	-	-	382,920
Topography measurement	15,001	-	-	-	-	15,001
Legal fees	9,695	-	-	-	-	9,695
Travel	53,262	488	-	-	-	53,750
Wages and benefits	<u>35,687</u>	-	-	-	-	<u>35,687</u>
Balance, May 31, 2007	<u>\$ 911,167</u>	<u>\$ 89,349</u>	<u>\$ 51,757</u>	<u>\$ 72,912</u>	<u>\$ 8,209</u>	<u>\$ 1,133,394</u>

(3) Exhibits

The exhibits listed below are required by Item 601 of Regulation S-K. Each management contract or compensatory plan or arrangement required to be filed as an exhibit to this Form 10-K has been identified.

The following are exhibits to this Annual Report

31.1 Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

31.2 Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

32.1 Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

32.2 Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

b) The following reports on Form 8-K were filed during the year ended May 31, 2007:

On June 29, 2006, the Company filed a report on Form 8-K under Items 8.01, and 9.01 disclosing that the Company received a qualifying report detailing the initial assessment on the mining prospects of the DXC Salt Lake Property in Nima county of Naqu district in Tibet, China.

On September 20, 2006, the Company filed a report on Form 8-K under Items 8.01, and 9.01 disclosing that the Company received approval for the reserve auditing of the Dangxiongcuo salt lake property ("DXC Salt Lake") from the Ministry of Land and Resources of China.

On October 2, 2006, the Company filed a report on Form 8-K under Items 3.02 disclosing that The Company issued 2,873,990 units at a price of \$0.15 per unit in a private placement.

On December 22, 2006, the Company filed a report on Form 8-K under Items 8.01 announcing that the Company extended the expiry date of 2,873,990 Share Purchase Warrants (the Series "C" share purchase Warrants) from December 29, 2006 to February 29, 2008.

On June 8, 2007, the Company filed a report on Form 8-K under Items 5.02 disclosing that the Company received and accepted the resignation of Mr. Patrick Chan from its Board of Directors and appointed Mr. Robert Smiley to the Board of Directors.

On June 28, 2007, the Company filed a report on Form 8-K under Items 1.01, and 9.01 disclosing that the Company entered into a consulting agreement with Zhongchuan Mining Co. Ltd. for obtaining certain government approvals in China to facilitate the establishment of a joint venture company in Tibet, China.

On July 10, 2007, the Company filed a report on Form 8-K under Items 8.01 updating the development of DXC salt lake project in Tibet, China.

Item 14. Principal Accountant Fees and Services.

Audit Fees

Amisano Hanson ("AH") provided audit services to the Company in connection with its annual report for the fiscal year ended May 31, 2007 and 2006. The aggregate fees owed to AH for the May 31, 2007 year ended audit of the Company's annual financial statements was \$10,000 and the aggregate fees billed by AH for the fiscal year 2007 quarterly reviews of the Company was \$13,070. The aggregate fees billed by AH for the May 31, 2006 year ended audit of the Company's annual financial statements was \$18,416 and the aggregate fees billed by AH for the fiscal year 2006 quarterly reviews of the Company was \$11,165.

Audit Related Fees

No fees were billed by AH to the Company for professional services that are reasonably related to the audit or review of the Company's financial statements that are not disclosed in "Audit Fees" above.

Tax Fees

No fees were billed by AH to the Company in 2007 for professional services rendered in connection with the preparation of the Company's tax returns for the period. No fees were billed by AH to the Company in 2006 for professional services rendered in connection with the preparation of the Company's tax returns for the year ended May 31, 2006.

All Other Fees

No fees were billed by AH to the Company for other professional services rendered or any other services not disclosed above during the period from June 1, 2006 to May 31, 2007 and no fees were billed by AH to the Company for other professional services rendered or any other services not disclosed above during the period from June 1, 2005 to May 31, 2006.

Audit Committee Pre-Approval

The Company's Board acts as the audit committee and had no "pre-approval policies and procedures" in effect for the auditors' engagement for the audit year 2007 and 2006.

All audit work was performed by the auditors' full time employees.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

(Registrant)

By: /s/ Richard Shao

Richard Shao, President and Chief Financial Officer

By: /s/ Raoul Tsakok

Raoul Tsakok, Chairman and Chief Executive Officer
Date: February 29, 2008

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By: /s/ Richard Shao

Richard Shao, President and Chief Financial Officer

By: /s/ Raoul Tsakok

Raoul Tsakok, Chairman and Chief Executive Officer
Date: February 29, 2008