

Artevo Corporation

Management's Discussion and Analysis

Three months ended March 31, 2008 (unaudited)

This Management's Discussion and Analysis of financial condition and results of operations ("MD&A") is dated May 29, 2008 and should be read in conjunction with the unaudited balance sheet as at March 31, 2008 and the associated notes. This balance sheet has been prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"). All dollar figures included therein and in the following MD&A are quoted in Canadian dollars.

Additional information relevant to Artevo Corporation's activities can be found on SEDAR at www.sedar.com.

Company Overview

Artevo Corporation (the "Company" or "Artevo") was incorporated under the *Business Corporations Act* (Alberta) on February 9, 2007. The articles of the Corporation were amended by a Certificate of Amendment dated April 4, 2007 to delete the private company provisions and the restrictions on share transfers.

The head office of the Company is located at 514 – 11th Avenue S.W., Calgary, Alberta T2R 0C8. The registered office of the Company is located at Suite 1600, Dome Tower, 333 – 7th Avenue S.W., Calgary, Alberta T2P 2Z1. On June 28, 2007 the Company received final receipts for a prospectus and became a reporting issuer in the Provinces of Alberta and British Columbia. The Company completed its initial public offering ("Offering") to raise \$200,000 on July 19th, 2007. The Common Shares of Artevo are listed on the TSX Venture Exchange (the "Exchange") under the trading symbol "AEV".

The Company has not commenced operations and has no assets other than cash, GST receivable and deferred qualifying transaction costs. The proceeds from the Offering are expected to provide the Company with a minimum of funds with which to identify and evaluate businesses or assets with a view to complete a "Qualifying Transaction", subject to regulatory and shareholder approvals. The Company will not carry on any business other than the identification and evaluation of assets or businesses with a view to completing a proposed Qualifying Transaction.

Forward Looking Statements

This MD&A may contain forward-looking statements which are subject to known and unknown risks, uncertainties and other factors that could influence actual results or events and cause actual results or events to differ materially from those stated, anticipated or implied. Such forward-looking statements necessarily involve risks associated with identifying, evaluating, negotiating and financing a potential Qualifying Transaction as well as changes in general economic, political and environmental conditions. Readers are cautioned not to place undue reliance on forward-looking statements, as no assurances can be given as to future results, levels of activity or achievements.

Results of Operations

The Company was incorporated on February 9, 2007. Accordingly there are no comparative figures to the period ended March 31, 2008. The Company does not have any operations and will not conduct any business other than the identification and evaluation of business and assets for the potential acquisition.

From inception to March 31, 2008 the Company has incurred \$147,951 for costs relating to the Offering, specifically; legal expenses, agent fees, TSX Venture fees, and disclosure fees. These amounts were charged to share capital upon the issuance of shares. The Company expects to

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incur ongoing costs with respect to the identification, evaluation, due diligence, negotiation and completion of the Qualifying Transaction. The timing and magnitude of these expenses is not predictable. These costs could be significant and may result in higher general administrative expenses.

Summary of Quarterly Results

The following table sets out selected unaudited financial information of the Company and is derived from unaudited financial statements prepared by management. These statements are prepared in conformity with Canadian generally accepted accounting principles.

	March 31 2008	December 31 2007	September 30 2007	June 30 2007
REVENUE	\$ -	\$ -	\$ -	\$ -
COST OF SALES	-	-	-	-
	\$ -	\$ -	\$ -	\$ -
OPERATING EXPENSES	9,767.00	-	-	-
NET LOSS, AND COMPREHENSIVE LOSS	\$ (9,767.00)	\$ -	\$ -	\$ -
LOSS PER SHARE, BASIC & DILUTED	\$ -	\$ -	\$ -	\$ -
	Period from Incorporation February 9, 2007 to March 31, 2007			
REVENUE	\$ -			
COST OF SALES	-			
	\$ -			
OPERATING EXPENSES	-			
NET LOSS, AND COMPREHENSIVE LOSS	\$ -			

Financial Condition / Capital Resources

Since inception, the Company's capital resources have been limited to amounts raised from the private and public sale of common shares in the Company. From inception to March 31, 2008 the Company raised gross proceeds of \$300,000 from the sale of its common shares. As at March 31, 2008 the Company had working capital of \$44,681.

The Company has not commenced operations and has no assets other than cash, GST receivable and deferred qualifying transaction costs. The proceeds from the Offering are expected to provide the Company with a minimum of funds with which to identify and evaluate businesses or assets with a view to complete a Qualifying Transaction. However, if the Company identifies a target business, asset or property as its Qualifying Transaction, it is probable that the Company will have to seek additional financing.

There is no assurance that the Company will be able to complete the proposed Qualifying Transaction with Power Play Art Ltd. (see "Proposed Transactions" below).

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Off Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Transactions with Related Parties

Other than the non-arms length proposed qualifying transaction between Artevo and PPAL as referenced previously, during the three month fiscal period ended March 31, 2008 the Company did not conduct any related party transactions.

Proposed Transactions

On October 17, 2007 the Company announced details concerning a proposed Qualifying Transaction with Power Play Art Ltd. ("PPAL") of Calgary, Alberta, Canada, as agreed to in a Letter of Intent dated October 4, 2007. The transaction also involves the completion of a private placement in PPAL of unsecured convertible debentures in a principal amount of up to a maximum of \$4,000,000, and the amalgamation of PPAL with Artevo, which will constitute the qualifying transaction of Artevo pursuant to Policy 2.4 of the TSX Venture Exchange (the "Qualifying Transaction").

At a special meeting of Artevo held February 29, 2008, the shareholders approved the amalgamation between Artevo and PPAL, pursuant to which Artevo and PPAL will amalgamate (the "Business Combination") to form a new company to be called Artevo Corporation. The shareholders of PPAL also approved the Business Combination. The Business Combination will constitute the Qualifying Transaction of Artevo as defined in Policy 2.4 of the TSX Venture Corporate Finance manual.

On March 20, 2008 the company received conditional acceptance for its Qualifying Transaction, subject to final approval of the TSX Venture, the completion of final closing documents, the completion of the private placement for a minimum gross proceeds of \$2,000,000 being conducted by PPAL, and subject to the release of a satisfactory closing news release.

On May 26, 2008 the Company submitted the documents concerning the approval of the proposed Qualifying Transaction with PPAL to the TSX Venture for final approval. At that time, PPAL had exceeded the minimum requirements for the completion of a private placement in PPAL of unsecured convertible debentures in a principal amount of \$2,000,000. If accepted, the amalgamation of Artevo with PPAL will constitute the qualifying transaction of Artevo pursuant to Policy 2.4 of the TSX Venture.

The principal business of PPAL is the sale and distribution of Fine Art. The proposed Qualifying Transaction is a non-arm's length transaction as certain directors and officers of Artevo are directors of PPAL, and an officer and principal shareholder of PPAL.

Additional information concerning the proposed qualifying transaction and the Joint Management Information Circular is available at www.sedar.com.

Critical Accounting Estimates

A detailed summary of all the Company's significant accounting policies is included in Note 2 to the March 31, 2008 unaudited financial statements.

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Changes in Accounting Policies

Effective January 1, 2008, the Company adopted two new Canadian Institute of Chartered Accountants ("CICA") standards, Section 3862 "Financial Instruments – Disclosures" and Section 3863 "Financial Instruments – Presentation", which replace Section 3861 "Financial Instruments – Disclosure and Presentation". The new disclosure standard increases the emphasis on the risks associated with both recognized and unrecognized financial instruments and how those risks are managed. The new presentation carries forward the former presentation requirements. Refer to note 6, "Financial Instruments and Risk Management" for the additional disclosures required.

Effective January 1, 2008 the Company adopted CICA Section 1535 "Capital Disclosures", which requires additional disclosures of objectives, policies and processes for managing capital. In addition, disclosures will include whether companies have complied with externally imposed capital requirements. Refer to note 7, "Capital Management". In addition, the Company has assessed new and revised accounting pronouncements that have been issued that are not yet effective and determined that the following could have a significant impact on the Company:

Goodwill and Intangible Assets

As of January 1, 2009, the Company will be required to adopt CICA section 3064, "Goodwill and Intangible Assets", which will replace CICA section 3062. This new guidance reinforces a principles-based approach to the recognition of costs as assets in accordance with the definition of an asset and the criteria for asset recognition under CICA section 1000, "Financial Statement Concepts". Section 3064 clarifies the application of the concept of matching revenues and expenses in section 1000 to eliminate the current practice of recognizing as assets items that do not meet the definition and recognition criteria. Under this new guidance, fewer items meet the criteria for capitalization. The Company is currently determining the impact of this standard.

International Financial Reporting Standards

In January 2006, the CICA Accounting Standards Board ("AcSB") adopted a strategic plan for the direction of accounting standards in Canada. As part of the plan, accounting standards in Canada for public companies will converge with International Financial Reporting Standards ("IFRS") on January 1, 2011. The Company continues to monitor and assess the impact of the convergence of Canadian GAAP and IFRS.

Financial Instruments – recognition and measurement

Section 3855 of the CICA Handbook prescribes when a financial asset, financial liability or non-financial derivative is to be recognized on the balance sheet and at what amount, requiring fair value or cost-based measures under different circumstances. All financial instruments must be classified as one of the following five categories: held-for-trading; held-to-maturity instruments; loans and receivables; available-for-sale financial assets; or other financial liabilities. All financial instruments, with the exception of loans and receivables, held-to-maturity investments and other financial liabilities measured at amortized cost are reported on the balance sheet at fair value. Subsequent measurement and changes in fair value will depend on their initial classification. Available-for-sale financial assets are measured at fair value with changes in fair value recoded in other comprehensive income until the investment is derecognized or impaired at which time the amounts would be recorded in earnings.

Contractual Obligations

Artevo has no contractual obligations other than the continuing obligation and related costs associated with the distribution of securities to the public.

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Risks and Uncertainties

Artevo is a Capital Pool Company ("CPC") pursuant to the policies of the Exchange. As a CPC, Artevo's primary focus is to complete a Qualifying Transaction in accordance with Exchange policies. In addition to general and specific parameters regarding the characteristics and timing of a Qualifying Transaction, these policies include restrictions on Artevo's activities prior to the completion of a Qualifying Transaction.

Artevo has no assets other than cash, GST receivable and deferred qualifying transaction costs. Artevo has no employees and the time committed to the Company by the officers and directors is limited.

Artevo proposed to identify and evaluate potential acquisitions or businesses and once identified and evaluated to negotiate an acquisition or participation subject to receipt of shareholder and regulatory approval. There is no assurance that Artevo will identify an appropriate business for acquisition of investment and even if so identified and warranted, the Company may not be able to finance such acquisition or investment. Additional funds may be required to enable Artevo to pursue such an initiative and the Company may be unable to obtain such financing on acceptable terms.

If Artevo fails to complete a Qualifying Transaction within 24 months from the date of listing of the common shares on the TSX Venture, the Exchange could suspend or de-list the common shares of the Company. The Alberta Securities Commission or the British Columbia Securities Commission may issue an interim cease trade order against Artevo's securities if the common shares of the Company are suspended from trading, and will issue such an interim cease trade order if the Company is de-listed from the Exchange. In addition, de-listing from the Exchange may result in the cancellation of Artevo common shares issued to insiders.

Investors Relations Activities

The Company does not have any investor relations arrangements.

Outstanding Share Data

The Company's authorized share capital is unlimited common shares without nominal or par value and unlimited number of preferred shares issuable in a series. As at March 31, 2008 there were 2,000,000 issued and outstanding common shares.

Pursuant to the Company's stock option plan, on July 19, 2007 the Company granted 200,000 stock options to officers and directors at a price of \$0.20 per share and granted to Canaccord Capital Corporation a non-transferable option to purchase 100,000 common shares, exercisable for a period of 24 months from the date of listing of the common shares on the TSX Venture, at a price of \$0.20 per common share (the "Agent's Options"). All stock options and agents options are currently outstanding.