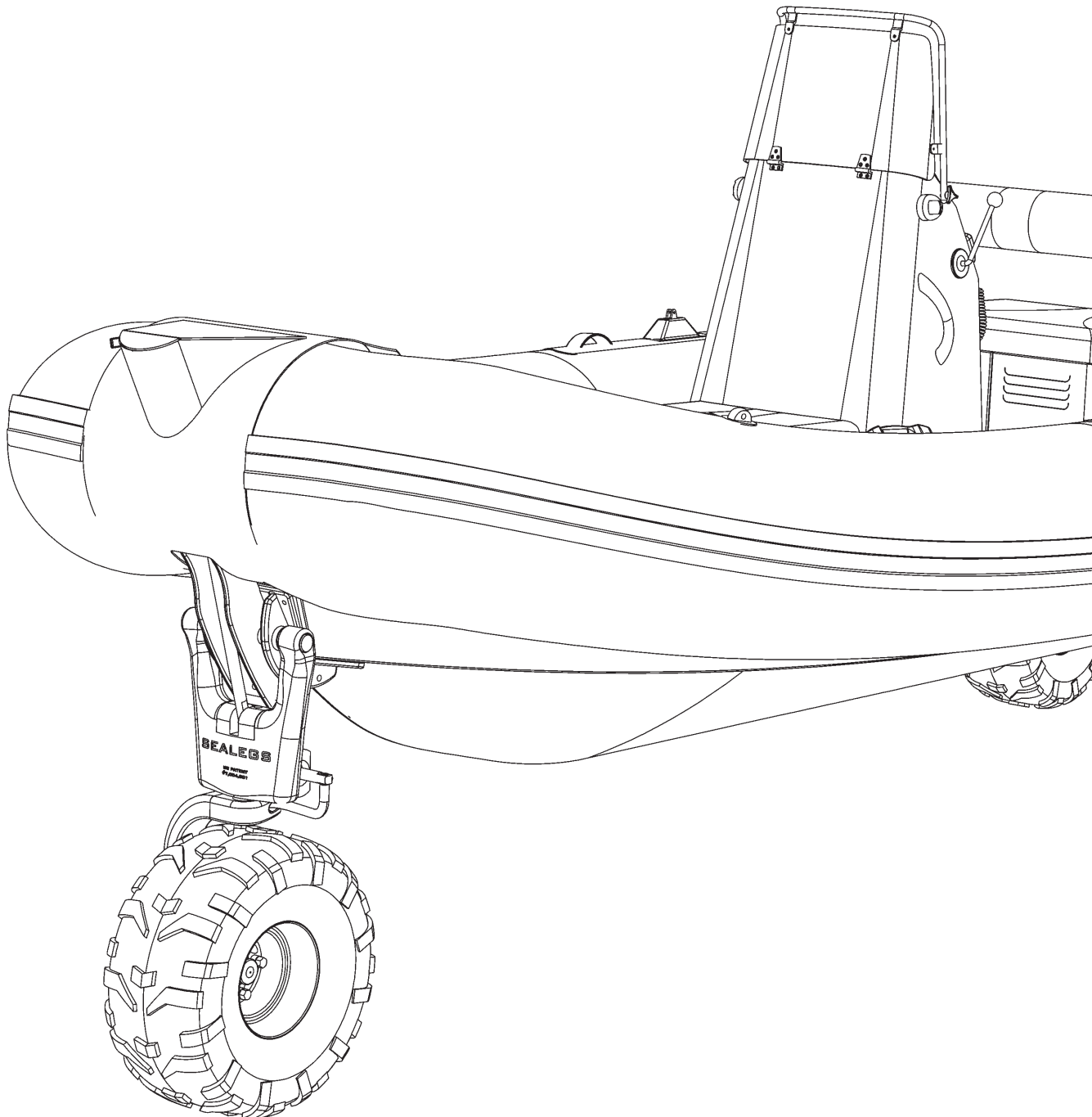


SEALEGS®

PATENTED AMPHIBIOUS TECHNOLOGY

NOTICE OF MEETING 2010



SEALEGS CORPORATION LIMITED**Notice of Annual Meeting**

Notice is hereby given that the 2010 Annual Meeting of Sealegs Corporation Limited ("Company") will be held at the Company's factory, 5 Unity Drive South, Albany, Auckland, New Zealand on Friday, 30 July 2010, commencing at 11:00am.

BUSINESS TO BE TRANSACTED**Annual Report**

Presentation of the annual report for the year ended 31 March 2010 and the auditor's report.

Resolutions**Ordinary Business**

To consider and, if thought fit, to pass the following ordinary resolutions, which are resolutions passed by a simple majority of the votes of shareholders entitled to vote and voting on each resolution:

- 1. To authorise and approve the issue by the Company of 31,000,000 shares in the Company to Avenport Investment Corporation on the terms and conditions described in the explanatory notes accompanying this notice.**

The NZSX Listing Rules and the Takeovers Code require shareholder approval for the issue of the shares to Avenport Investment Corporation ("Avenport"). Listing Rule 7.3.1 requires this Resolution 1 to be approved by ordinary resolution of the shareholders of the Company. Listing Rule 9.2.1 requires this Resolution 1 to be approved by an ordinary resolution of the shareholders of the Company as the issue of the shares is a Material Transaction with a Related Party. Rule 7(d) of the Takeovers Code requires this Resolution 1 be approved by an ordinary resolution of the shareholders of the Company. Further, Listing Rule 6.2.2 requires this notice of meeting to be accompanied by an appraisal report, and Rule 18 of the Takeovers Code requires this notice of meeting to be accompanied by an independent adviser's report.

None of Avenport nor any of their associated persons (within the meaning of the Listing Rules) or associates (within the meaning of the Takeovers Code) may vote on this Resolution 1.

In the event that this Resolution 1 is not passed, no shares will be issued.

(See the explanatory notes and the report that accompany this notice)

- 2. To re-elect David McKee Wright as a director in accordance with the Company's constitution.**

David McKee Wright retires by rotation and, being eligible, offers himself for re-election. (See profile below)

The Board considers that David McKee Wright does not qualify as an independent director under the Listing Rules.

- 3. To re-elect Christopher Dickson as a director in accordance with the Company's constitution.**

Christopher Dickson retires by rotation and, being eligible, offers himself for re-election. (See profile below)

The Board considers that Christopher Dickson qualifies as an independent director under the Listing Rules.

- 4. To record that Ernst & Young is automatically reappointed as auditor of the Company pursuant to section 200 of the Companies Act 1993 and to authorise the directors to fix the auditor's remuneration.**

By order of the board of directors

R James Hill

Chairman



02 July 2010

EXPLANATORY NOTES TO THE RESOLUTIONS

1. RESOLUTION 1: ISSUE OF SHARES

- 1.1 The purpose of the issue of shares under Resolution 1 is to raise capital for sales and marketing activities, research and development, and to make improvements to the Company's production systems to achieve greater efficiencies.
- 1.2 If approved, the Company will issue a total of 31,000,000 shares to Avenport at an issue price of 20 cents per share within three business days of the date of the shareholders' meeting. The new shares to be issued will rank pari passu with ordinary shares then on issue in the Company. The issue of new shares is conditional on:
- (a) the Company complying with its continuous disclosure obligations under the Listing Rules;
 - (b) there being no material adverse change in the Company's business, trading or prospects that would require disclosure to the NZX under the Listing Rules;
 - (c) the Company not issuing, or agreeing to issue, any equity securities between 24 May 2010 and the date of the allotment (excluding the allotment itself); and
 - (d) the shareholders of the Company approving the allotment at the Annual Meeting.
- 1.3 As at 8 July 2010, the market price for shares in the Company is 23 cents per share.
- 1.4 Avenport currently holds more than 10% of the shares of the Company, and is therefore a related party by virtue of Listing Rule 9.2.3. The shares to be issued will have a value in excess of 10% of the Company's average market capitalisation, and the issue of the shares is therefore a material transaction under Listing Rule 9.2.2. Listing Rule 9.2.1 requires material transactions with related parties to be approved by an ordinary resolution of shareholders. Listing Rule 7.5 also requires approval to the issue of securities where there is a significant likelihood that the issue will result in a person materially increasing their ability to exercise, or direct the exercise of effective control of the Company, unless the precise terms and conditions have been approved by an ordinary resolution of shareholders. Listing Rules 7.5 and 9.2.5 require this notice of meeting to be accompanied by an appraisal report.
- 1.5 If the issue of shares under Resolution 1 proceeds, Avenport will hold a total of 39.89% of the shares on issue. Rule 6 of the Takeovers Code prohibits any person and their associates from becoming the holder or controller of more than 20% of the voting rights in a "Code Company" (which includes the Company), except as provided in Rule 7. Rule 7(d) permits such an increase in voting rights if the allotment to that person has first been approved by an ordinary resolution of shareholders entitled to vote on the matter.
- 1.6 The allotment of shares to Avenport will ensure that Avenport can singlehandedly block special resolutions of the Company (that is, resolutions that must be approved by a 75% majority or higher of those shareholders entitled to vote and voting on the question). At present no single shareholder can control the outcome of an ordinary resolution or a special resolution. This position will not change if the shares are allotted to Avenport. However, the issue of shares to Avenport will also increase Avenport's ability to singlehandedly pass (or block) ordinary resolutions.
- 1.7 If the issue of shares under Resolution 1 proceeds, Avenport will be granted one seat on the Company's board of directors. This will be filled by Mr Eric Series. He will be elected the chairman of the Sealegs board. As well as being a director of Avenport, Mr Series is currently the chairman of Raffles Royal Monceau Hotel and a director of the Majestic Hotel Group in Cannes, France, the Peninsula Paris, the Raffles Fairmont Hotel Group and Bramer Banking Corporation in Mauritius.
- 1.8 Rule 16 of the Takeovers Code sets out the information shareholders must receive before voting on any resolution under Rule 7(d) of the Takeovers Code. The following information is set out for the purposes of Rule 16:
- (a) the allottee of the voting securities will be Avenport;
 - (b) the voting securities to be allotted will comprise 31,000,000 ordinary shares;
 - (c) the percentage of the aggregate of all existing voting securities and all voting securities being allotted if Resolution 1 is passed will be 24.98%;
 - (d) the percentage of all voting securities held or controlled by Avenport after the allotment will be 39.89%;
 - (e) the percentage of all voting securities held or controlled by Avenport together with associates after the allotment will be 39.89%;
 - (f) the issue price for the voting securities will be 20 cents per share, payable on issue;

- (g) the reasons for the allotment are to raise capital to use for sales and marketing activities, research and development, and improvements to the Company's production systems to achieve greater efficiencies;
 - (h) the allotment, if approved, will be permitted under Rule 7(d) of the Takeovers Code as an exception to Rule 6 of the Takeovers Code;
 - (i) there is no agreement or arrangement (whether legally enforceable or not) that has been, or is intended to be, entered into between Avenport and any other person (other than the subscription agreement itself, between Avenport and the Company in respect of the shares to be issued) relating to the allotment, holding, or control of the voting securities to be allotted to Avenport, or to the exercise of voting rights in the Company.
- 1.9 A report prepared by Simmons Corporate Finance, which comprises an appraisal report in accordance with Listing Rule 1.7.2, and an independent adviser's report in accordance with Rule 18 of the Takeovers Code, accompanies this Notice of Meeting.
- 1.10 Listing Rule 9.3.1 disqualifies Avenport and its associated persons, from voting on this Resolution 1. Rule 17 of the Takeovers Code prevents Avenport and its associates from voting on this Resolution 1.
- 1.11 In accordance with Rule 19 of the Takeovers Code, the directors of the Company recommend the approval of Resolution 1 for the following reasons:
- (a) the allotment will enable the Company to raise capital for sales and marketing activities, research and development and improvements to the Company's production systems;
 - (b) these activities are intended to increase sales and/or achieve greater production efficiencies to improve the Company's revenue and returns to investors; and
 - (c) the directors believe that such expenditure is in the best interests of the Company.

2. RESOLUTION 2: RE-ELECTION OF DIRECTOR RETIRING BY ROTATION

- 2.1 In accordance with the constitution of the Company, David McKee Wright retires by rotation. Mr Wright, being eligible, seeks reappointment.
- 2.2 For the purposes of Listing Rule 3.3.2, the board considers that Mr Wright does not qualify as an independent director under the Listing Rules.
- 2.3 Mr Wright is the Chief Executive Officer of the Company. Mr Wright is an ACA qualified accountant with a commerce degree. He has had extensive overseas experience in manufacturing, assembly and financial analysis with two Fortune 500 companies. In New Zealand, he has held key roles within such companies as PC Direct, Gateway Computers, Exonet, Solution 6 and IT Capital Limited.

3. RESOLUTION 2: RE-ELECTION OF DIRECTOR RETIRING BY ROTATION

- 3.1 In accordance with the constitution of the Company, Christopher Dickson retires by rotation. Mr Dickson, being eligible, seeks reappointment.
- 3.2 For the purposes of Listing Rule 3.3.2, the board considers that Mr Dickson qualifies as an independent director under the Listing Rules.
- 3.3 Mr Dickson is a three-times World Match Racing Champion and this year celebrated 20 years of America's Cup involvement. He was the skipper of KZ 7, New Zealand's first challenger at Fremantle back in 1987 and was skipper and CEO of BMW Oracle Racing at the 2007 America's Cup in Valencia.

4. PROXIES AND CORPORATE REPRESENTATIVES

- 4.1 A shareholder entitled to vote at the meeting may appoint another person (who need not be a shareholder) as a proxy to attend and vote on their behalf. A form is enclosed for appointment of a proxy. If you wish to appoint a proxy please read the notes at the bottom of the proxy appointment form carefully.
- 4.2 In the case of a corporation appointing a representative to attend the meeting to vote on its behalf, a copy of the enclosed form, completed as if that representative were a proxy, together with a certified copy of the resolution passed by the corporation, appointing the representative, must be received by the Company at least 48 hours before the meeting.