

P96000057334

(Requestor's Name)

(Address)

(Address)

(City/State/Zip/Phone #)

☐ PICK-UP

☐ WAIT

☐ MAIL

(Business Entity Name)

(Document Number)

Certified Copies _____ Certificates of Status _____

Special Instructions to Filing Officer:

Office Use Only



800037051368

06/03/04--01009--009 **56.50

FILED
04 JUN 10 PM 4:41
CLERK OF STATE
TALLAHASSEE, FLORIDA

Amend
Jen
6/14/04

TRANSMITTAL LETTER

TO: Amendment Section
Division of Corporations

SUBJECT: ARTICLES OF AMENDMENT
CERTIFICATE OF DESIGNATION OF CONVERTIBLE
PREFERRED STOCK, SERIES A.
DOCUMENT NUMBER:

The enclosed *Articles of Amendment* and fee are submitted for filing.

Please return all correspondence concerning this matter to the following:

DAVID E. MEILAHN
(Name of Person)

MARICULTURE SYSTEMS, INC
(Name of Firm/ Company)

51 W. DAYTON ST., STE 102
(Address)

EDMONDS, WA 98020-4111
(City/ State/ and Zip Code)

For further information concerning this matter, please call:

DAVID E. MEILAHN at (425) 778-5995
(Name of Person) (Area Code & Daytime Telephone Number)

Enclosed is a check for the following amount:

☐ \$35 Filing Fee

☐ \$43.75 Filing Fee &
Certificate of Status

☐ \$43.75 Filing Fee &
Certified Copy
(Additional copy is
enclosed)

☒ ^{56.50} \$52.50 Filing Fee
Certificate of Status
Certified Copy
(Additional Copy
is enclosed) 12 pages

Mailing Address

Amendment Section
Division of Corporations
P.O. Box 6327
Tallahassee, FL 32314

Street Address

Amendment Section
Division of Corporations
409 E. Gaines Street
Tallahassee, FL 32399



FLORIDA DEPARTMENT OF STATE

Glenda E. Hood
Secretary of State

June 3, 2004

DAVID E. MEILAHN
MARICULTURE SYSTEMS, INC.
51 W. DAYTON ST., STE. 102
EDMONDS, WA 98020-4111

SUBJECT: MARICULTURE SYSTEMS, INC.
Ref. Number: P96000057334

We have received your document for MARICULTURE SYSTEMS, INC. and your check(s) totaling \$56.50. However, the enclosed document has not been filed and is being returned for the following correction(s):

The above listed entity was administratively dissolved or its certificate of authority was revoked for failure to file the 2003 annual report. The entity must be reinstated before this document can be filed.

Please complete the enclosed form and return it to us with a check for \$900.00 in order to complete your reinstatement.

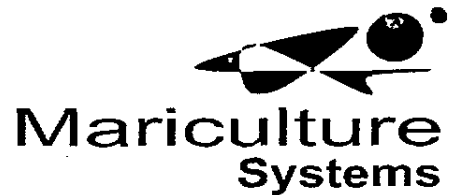
Please return your document, along with a copy of this letter, within 60 days or your filing will be considered abandoned.

If you have any questions concerning the filing of your document, please call (850) 245-6027.

Michelle Milligan
Document Specialist

Letter Number: 404A00038137

RECEIVED
04 JUN 10 AM 11:36
DIVISION OF CORPORATIONS



June 8, 2004

Florida Department of State
Division of Corporations
409 E. Gaines Street
Tallahassee, FL 32399

RE: Letter number 404A00038137
Ref. Number: P96000057334

Dear Michelle Milligan:

We are returning the two enclosed copies of an amendment to our Articles of Incorporation for immediate filing. You currently have the funds necessary for this filing.

Our application for reinstatement of Mariculture Systems, Inc. has already been submitted with the appropriate funds and should be in process or complete when you receive these documents.

It is apparent that an address change or lack thereof may have caused the lapse in filing the annual report. Please be certain to correct all addresses on file for the Company to reflect the current listing on this letter. Thank you.

Yours truly,

MARICULTURE SYSTEMS, INC.

David E. Meilahn
CEO

Mariculture Systems,
Inc.

Suite 102
51 West Dayton Street

Edmonds,
Washington 98020

TEL: 425 778 5975
FAX: 425 672 8012

**ARTICLES OF AMENDMENT
TO
ARTICLES OF INCORPORATION
OF**

Mariculture Systems, Inc.

FILED

04 JUN 10 PM 4:41

SECRETARY OF STATE
TALLAHASSEE, FLORIDA

**CERTIFICATE OF DESIGNATION OF CONVERTIBLE
PREFERRED STOCK, SERIES A, SETTING FORTH THE POWERS,
PREFERENCES, RIGHTS, QUALIFICATIONS, LIMITATIONS AND
RESTRICTIONS OF SUCH SERIES OF PREFERRED STOCK**

Pursuant to Section 607.0602 of the Florida Statutes, Mariculture Systems, Inc., a Florida corporation (the "Corporation"), DOES HEREBY CERTIFY:

That pursuant to the authority conferred upon the Board of Directors of the Corporation by Florida law, the Board of Directors of the Corporation on May 25, 2004 duly adopted the following resolution designating a series of Preferred Stock, as Convertible Preferred Stock, Series A, and such resolution has not been modified and is in full force and effect on the date hereof:

RESOLVED that, pursuant to the authority vested in the Board of Directors of the Corporation by Florida law, a series of the class of authorized Preferred Stock, par value \$0.001 per share, of the Corporation is hereby designated and that the designation and number of shares thereof and the voting powers, preferences and relative, participating, optional and other special rights of the shares of such series, and the qualifications, limitations and restrictions thereof are as follows:

Section 1. Designation and Number.

(a) The shares of such series shall be designated as Convertible Preferred Stock, Series A (the "Series A Preferred"). The number of shares initially constituting the Series A Preferred shall be 500,000, which number may be increased or decreased by the Board of Directors without a vote of stockholders; provided, however, that such number may not be decreased below the number of then outstanding shares of Series A Preferred.

(b) The Series A Preferred shall, with respect to dividend rights and rights on liquidation, dissolution or winding up, rank senior to all other classes and series of capital stock of the Corporation now or hereafter authorized including, without limitation, the Common Stock (as defined below). The Corporation shall not hereafter issue any shares of capital stock which (i) have dividend rights senior to, or ranking on a parity with, those of the Series A Preferred, or (ii) are entitled to participating dividend rights (i.e., rights to an initial preferred dividend and thereafter to participation and further distributions on a parity with the Common Stock of the Corporation) or convertible into shares of such senior capital stock with such participating rights or into shares of Common Stock of the Corporation.

(c) Capitalized terms used herein and not otherwise defined shall have the meanings set forth in Section 11.

Section 2. Dividends and Distributions.

(a) Series A Dividends. The holders of shares of Series A Preferred, in preference to the holders of shares of Common Stock and of any shares of other capital stock of the Corporation, shall be entitled to receive, out of the assets of the Corporation legally available therefore, dividends as declared by the Board of Directors (the "Preferential Dividends").

(b) Dividend Arrearage. If as of any dividend payment date there is a Dividend Arrearage (as hereinafter defined), an additional dividend (the "Additional Dividend") shall accrue on each share of the Series A Preferred for the period from such dividend payment date through the earlier of (x) the date on which such Dividend Arrearage is paid in full and (y) the next succeeding dividend payment date, in an amount equal to the product of (i) the rate of such dividends and (ii) the amount of such Dividend Arrearage as of such dividend payment date. For purposes of this Section 2(b), "Dividend Arrearage" shall mean, with respect to each share of Series A Preferred, as of any dividend payment date, the excess, if any of (i) the sum of all dividends theretofore accrued on such share in accordance with Section 2(a) (including those accrued as of and including such dividend payment date) plus all Additional Dividends, if any, theretofore accrued on such share in accordance with this Section 2(b) (including those accrued as of and including such dividend payment date), over (ii) all dividends actually paid with respect to such share on or before such dividend payment date.

(c) Accrual of Dividends. Dividends payable pursuant to Section 2(a) shall begin to accrue and be cumulative from the date such dividends are declared, and shall accrue on a daily basis, in each case whether or not declared. Dividends paid on the shares of Series A Preferred in an amount less than the total amount of such dividends at the time accrued and payable on such shares shall be allocated pro rata on a share-by-share basis among all such shares of Series A Preferred at the time outstanding. The Board of Directors may fix a record date for the determination of holders of shares of Series A Preferred entitled to receive payment of a dividend declared thereon, which record date shall be no more than sixty (60) days or less than ten (10) days prior to the date fixed for the payment thereof. Accumulated but unpaid dividends for any past quarterly dividend periods may be declared and paid at any time, without reference to any regular dividend payment date, to holders of record on such date, not more than sixty (60) nor less than ten (10) days preceding the payment date thereof, as may be fixed by the Board of Directors.

Section 3. Voting Rights

Except for any voting rights provided by law, the holders of shares of Series A Preferred shall have no voting rights unless and until they convert their shares of Series A Preferred for shares of the Company's common stock.

Section 4. Certain Restrictions

(a) No Dividends. Whenever dividends payable on shares of Series A Preferred as provided in Section 2 are not paid in full in cash, at such time and thereafter until all unpaid dividends payable, whether or not declared, on the outstanding shares of Series A Preferred shall have been paid in full in cash or declared and set apart in cash for payment, or

whenever the Corporation shall not have converted or exchanged shares of Series A Preferred at a time required by Section 7, at such time and thereafter until all conversion and exchange obligations provided in Section 7 that have come due shall have been satisfied or all necessary funds have been set apart for payment, the Corporation shall not declare or pay dividends, or make any other distributions, on any other shares of capital stock of the Corporation.

(b) No Redemption. Whenever dividends payable on shares of Series A Preferred are not paid in full in cash, at such time and thereafter until all unpaid dividends payable, on the outstanding shares of Series A Preferred shall have been paid in full in cash or declared and set apart in cash for payment, or whenever the Corporation shall not have converted or exchanged shares of Series A Preferred at a time required by Section 7, at such time and thereafter until all conversion and exchange obligations provided in Section 7 that have come due shall have been satisfied or all necessary funds have been set apart for payment, the Corporation shall not redeem, purchase or otherwise acquire for consideration any other shares of capital stock of the Corporation.

Section 5. Reacquired Shares.

Any shares of Series A Preferred converted, exchanged, redeemed, purchased or otherwise acquired by the Corporation in any manner whatsoever shall be retired and canceled promptly after the acquisition thereof. All such shares of Series A Preferred shall upon their cancellation become authorized but unissued shares of preferred stock, par value \$0.001 per share, of the Corporation and, upon the filing of an appropriate Certificate of Designation with the Secretary of State of the State of Florida, may be reissued as part of another series of preferred stock, par value \$0.001 per share, of the Corporation subject to the conditions or restrictions on issuance set forth therein, but in any event may not be reissued as shares of Series A Preferred or other Parity Stock unless all shares of the Series A Preferred issued on the Issue Date shall have already been redeemed, converted or exchanged.

Section 6. Liquidation, Dissolution or Winding Up.

(a) Effect of Liquidation. If the Corporation shall commence a voluntary case under the United States bankruptcy laws or any applicable bankruptcy, insolvency or similar law of any other country, or consent to the entry of an order for relief in an involuntary case under any such law or to the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator (or other similar official) of the Corporation or of any substantial part of its property, or make an assignment for the benefit of its creditors, or admit in writing its inability to pay its debts generally as they become due (any such event, a "Voluntary Liquidation Event"), or if a decree or order for relief in respect of the Corporation shall be entered by a court having jurisdiction in the premises in an involuntary case under the United States bankruptcy laws or any applicable bankruptcy, insolvency or similar law of any other country, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator (or other similar official) of the Corporation or of any substantial part of its property, or ordering the winding up or liquidation of its affairs, and on account of any such event the Corporation shall liquidate, dissolve or wind up, or if the Corporation shall otherwise liquidate, dissolve or wind up, no distribution shall be made to the holders of any other shares of capital stock of the Corporation unless, prior thereto, the holders of shares of Series A Preferred, subject to Section 7, shall have received (i) the Liquidation Preference, plus all accrued and unpaid dividends, as declared and currently payable,

to the date of distribution, with respect to each share and (ii) the amount per share (subject to adjustment to reflect stock splits, stock dividends, stock combinations, recapitalizations and like occurrences) for each outstanding share of Series A Preferred as if the holders had converted such shares into shares of Common Stock immediately prior to the liquidation, dissolution or winding up.

Nothing in this section shall affect the approval rights of holders of shares of Series A Preferred under Section 3 with respect to a Voluntary Liquidation Event.

(b) Voluntary Liquidation. For purposes of this Section 6, the holders of a majority of the outstanding shares of the Series A Preferred may elect to have treated as a Voluntary Liquidation Event the consolidation or merger of the Corporation with or into any other corporation or the sale or other transfer in a single transaction or a series of related transactions of all or substantially all of the assets of the Corporation, or any other reorganization or business combination of the Corporation or a Change of Control.

Section 7. Voluntary Conversion.

(a) Conversion Right. Any holder of Series A Preferred shall have the right, at its option, at any time after six (6) months from date of issuance of Holder's Series A Preferred Stock and from time to time, to convert, subject to the terms and provisions of this Section 7, any or all of such holder's shares of Series A Preferred at a ratio of one hundred (100) Common Share for one (1) Preferred Share. All right to Preferred Dividends and Preferred Liquidation and all other rights and preferences associated with ownership of shares of Preferred Stock shall terminate at the close of business on the date of exchange or redemption for such shares, unless in any such case the Corporation shall default in performance or payment due upon exchange or redemption thereof. The Conversion Price shall initially be \$10.00 and shall be subject to adjustment as set forth in Section 7(c). Such conversion right shall be exercised by the surrender of the shares to be converted to the Corporation at any time during usual business hours at its principal place of business to be maintained by it, accompanied by written notice that the holder elects to convert such shares of Series A Preferred and, subject to Section 7(j), specifying the name or names (with address) in which a certificate or certificates for shares of Common Stock are to be issued and (if so required by the Corporation) by a written instrument or instruments of transfer in form reasonably satisfactory to the Corporation duly executed by the holder or its duly authorized legal representative and transfer tax stamps or funds therefor, if required pursuant to Section 7(j). All shares of Series A Preferred surrendered for conversion shall be delivered to the Corporation for cancellation and canceled by it and no shares of Series A Preferred shall be issued in lieu thereof.

(b) Mechanics of Conversion. As promptly as practicable after the surrender, as herein provided, of any shares of Series A Preferred for conversion pursuant to Section 7(a), the Corporation shall deliver to or upon the written order of the holder of such shares so surrendered a certificate or certificates representing the number of fully paid and non-assessable shares of Common Stock into which such shares of Series A Preferred have been converted in accordance with the provisions of this Section 7. Subject to the following provisions of this paragraph and of Section 7(c), such conversion shall be deemed to have been made immediately prior to the close of business on the date that such shares of Series A Preferred shall have been surrendered in satisfactory form for conversion, and the Person or Persons entitled to receive the

Common Stock deliverable upon conversion of such shares of Series A Preferred shall be treated for all purposes as having become the record holder or holders of such Common Stock at such time, and such conversion shall be at the Conversion Price in effect at such time; provided, however, that no surrender shall be effective to constitute the Person or Persons entitled to receive the Common Stock deliverable upon such conversion as the record holder or holders of such Common Stock while the share transfer books of the Corporation shall be closed (but not for any period in excess of five days), but such surrender shall be effective to constitute the Person or Persons entitled to receive such Common Stock as the record holder or holders thereof for all purposes immediately prior to the close of business on the next succeeding day on which such share transfer books are open, and such conversion shall be deemed to have been made at, and shall be made at the Conversion Price in effect at, such time on such next succeeding day.

(c) Adjustment of Conversion Price. The Conversion Price shall be subject to adjustment as follows:

(i) Adjustments for Certain Actions. The Conversion Price in effect from time to time shall be, subject to adjustment in accordance with the provisions of this Section 7(c)(i).

(A) Adjustments for Stock Splits and Combinations. If the Company shall at any time or from time to time after the date hereof, effect a stock split of the outstanding Common Stock, then thereafter the Conversion Price in effect immediately prior to the stock split shall be proportionately decreased, so that the aggregate Conversion Price relating to all outstanding shares of Series A Preferred shall be unchanged by such change. If the Company shall at any time or from time to time after the date hereof, combine the outstanding shares of Common Stock, then thereafter the Conversion Price in effect immediately prior to the combination shall be proportionately increased, so that the aggregate Conversion Price relating to all outstanding shares of Series A Preferred shall be unchanged after such change. Any adjustments under this section shall be effective at the close of business on the date the stock split or combination occurs.

(B) Adjustments for Certain Dividends and Distributions. If the Company shall at any time or from time after the date hereof, pay a stock dividend or make a distribution to holders of Common Stock in shares of Common Stock, then, and in each event, the Conversion Price in effect immediately prior to such event shall be decreased as of the time of such issuance, by multiplying, as applicable, the applicable Conversion Price then in effect by a fraction;

(1) the numerator of which shall be the total number of shares of Common Stock issued and outstanding immediately prior to the time of such issuance or the close of business on such record date; and

(2) the denominator of which shall be the total number of shares of Common Stock issued and outstanding immediately prior to the time of such issuance or the close of business on such record date plus the number of shares of Common Stock issuable

in payment of such dividend or distribution so that the aggregate Conversion Price for all outstanding shares of Series A Preferred shall be unchanged by such event. An adjustment made pursuant to this section shall become effective retroactively to a date immediately following the close of business on the record date for the determination of holders of shares of Common Stock entitled to receive such dividend or distribution.

(C) Adjustment for Other Dividends and Distributions. If the Company shall at any time or from time to time after the date hereof, pay a stock dividend or make a distribution to holders of Common Stock in other than shares of Common Stock (the "Non-Common Dividend Consideration"), then, and in each event, an appropriate revision to the Conversion Price shall be made and provision shall be made (by adjustments of the Conversion Price or otherwise) so that each holder of shares of Series A Preferred shall receive upon conversion thereof, in addition to the number of shares of Common Stock receivable thereon, the value of the Non-Common Dividend Consideration which they would have received had such shares been converted on the date of such event and had thereafter retained such securities (together with any distributions payable thereon during such period), giving application to all adjustments called for during such period under this section with respect to the rights of the holders of the Series A Preferred.

(D) Adjustments for Reclassification, Exchange or Substitution. If the Common Stock issuable upon conversion of shares of Series A Preferred at any time or from time to time after the date hereof shall be changed into the same or different number of shares of any class or classes of stock, whether by reclassification, exchange, substitution or otherwise (other than by way of a stock split or combination of shares or stock dividends provided for in Sections 7(c)(i)(A), (B) and (C), or a reorganization, merger, consolidation, or sale of assets provided for in Section 7(c)(i)(E), then, and in each event, an appropriate revision to the Conversion Price shall be made and provisions shall be made (by adjustments of the Conversion Price or otherwise) so that each holder of shares of Series A Preferred shall have the right thereafter to convert such shares into the kind and amount of shares of stock and other securities receivable upon reclassification, exchange, substitution or other change, by holders of the number of shares of Common Stock into which such Series A Preferred might have been converted immediately prior to such reclassification, exchange, substitution or other change, all subject to further adjustment as provided herein.

(E) Adjustments for Reorganization, Merger, Consolidation or Sales of Assets. If at any time or from time to time after the date hereof there shall be a capital reorganization of the Company (other than by way of a stock split or combination of shares or stock dividends or distributions provided for in Sections 7(c)(i)(A), (B) and (C), or a reclassification, exchange or substitution of shares provided for in Section 7(c)(i)(D)), or a merger or consolidation of the Company with or into another corporation, or the sale of all or substantially all of the Company's properties or assets to any other person, then as a part of such

reorganization, merger, consolidation, or sale, an appropriate revision to the Conversion Price shall be made and provision shall be made (by adjustments of the Conversion Price or otherwise) so that each holder of shares of Series A Preferred shall have the right thereafter to convert such shares into the kind and amount of shares of stock and other securities or property of the Company or any successor entity resulting from such reorganization, merger, consolidation, or sale, to which a holder of Common Stock would have been entitled upon such reorganization, merger, consolidation, or sale. In any such case, appropriate adjustment shall be made in the application of the provisions of this section with respect to the rights of the holders of shares of Series A Preferred after the reorganization, merger, consolidation, or sale to the end that the provisions of this section (including any adjustment in the applicable conversion ratio then in effect) shall be applied after that event in as nearly an equivalent manner as may be practicable.

(d) Effect of Setting Record Date. If the Corporation shall take a record of the holders of its Common Stock for the purpose of entitling them to receive a dividend or other distribution, and shall thereafter and before the distribution to stockholders thereof legally abandon its plan to pay or deliver such dividend or distribution, then thereafter no adjustment in the Conversion Price then in effect shall be required by reason of the taking of such record.

(e) Certificate of Adjustment. Upon any increase or decrease in the Conversion Price, then, and in each such case, the Corporation promptly shall deliver to each registered holder of Series A Preferred at least five (5) Business Days prior to effecting any of the foregoing transactions a certificate, signed by the President or a Vice-President and by the Treasurer or an Assistant Treasurer or the Secretary or an Assistant Secretary of the Corporation, setting forth in reasonable detail the event requiring the adjustment and specifying, to the extent feasible, (x) the method by which such adjustment was calculated and (y) the increased or decreased Conversion Price then in effect following such adjustment.

(f) No Fractional Shares. No fractional shares or scrip representing fractional shares shall be issued upon the conversion of any shares of Series A Preferred. If more than one (1) share of Series A Preferred shall be surrendered for conversion at one time by the same holder, the number of full shares of Common Stock issuable upon conversion thereof shall be computed on the basis of the aggregate Liquidation Preference (plus accrued and unpaid dividends, including any Additional Dividends) of the shares of Series A Preferred so surrendered. If the conversion of any share or shares of Series A Preferred results in a fraction, an amount equal to such fraction multiplied by the Current Market Price of the Common Stock on the Business Day preceding the day of conversion shall be paid to such holder in cash by the Corporation.

(g) Transactions. In case of any capital reorganization or reclassification or other change of outstanding shares of Common Stock (other than a change in par value, or from par value to no par value, or from no par value to par value), or in case of any consolidation or merger of the Corporation with or into another Person (other than a consolidation or merger in which the Corporation is the resulting or surviving Person and which does not result in any reclassification or change of outstanding Common Stock) (any of the foregoing, a

"Transaction"), the Corporation, or such successor or purchasing Person, as the case may be, shall execute and deliver to each holder of Series A Preferred at least ten (10) Business Days prior to effecting any of the foregoing Transactions a certificate that the holder of each share of Series A Preferred then outstanding shall have the right thereafter to convert such share of Series A Preferred into the kind and amount of shares of stock or other securities (of the Corporation or another issuer) or property or cash receivable upon such Transaction by a holder of the number of shares of Common Stock into which such share of Series A Preferred could have been converted immediately prior to such Transaction. Such certificate shall provide for adjustments, which shall be as nearly equivalent as may be practicable to the adjustments provided for in this Section 7. If, in the case of any such Transaction, the stock, other securities, cash or property receivable thereupon by a holder of Common Stock includes shares of stock or other securities of a Person other than the successor or purchasing Person and other than the Corporation, which controls or is controlled by the successor or purchasing Person or which, in connection with such Transaction, issues stock, securities, other property or cash to holders of Common Stock, then such certificate also shall be executed by such Person, and such Person shall, in such certificate, specifically acknowledge the obligations of such successor or purchasing Person and acknowledge its obligations to issue such stock, securities, other property or cash to the holders of Series A Preferred upon conversion of the shares of Series A Preferred as provided above. The provisions of this Section 7(g) and any equivalent thereof in any such certificate similarly shall apply to successive Transactions.

(h) Notice. In case at any time or from time to time:

(i) the Corporation shall declare a dividend (or any other distribution) on its Common Stock;

(i) the Corporation shall authorize the granting to the holders of its Common Stock of rights or warrants to subscribe for or purchase any shares of stock of any class or of any other rights or warrants;

(ii) there shall be any reclassification of the Common Stock, or any consolidation or merger to which the Corporation is a party and for which approval of any shareholders of the Corporation is required, or any sale or other disposition of all or substantially all of the assets of the Corporation; or

(iii) there shall be any voluntary or involuntary dissolution, liquidation or winding up of the Corporation; then the Corporation shall mail to each holder of shares of Series A Preferred at such holder's address as it appears on the transfer books of the Corporation, as promptly as possible but in any event at least ten (10) days prior to the applicable date hereinafter specified, a notice stating (x) the date on which a record is to be taken for the purpose of such dividend, distribution or rights or warrants or, if a record is not to be taken, the date as of which the holders of Common Stock of record to be entitled to such dividend, distribution or rights are to be determined, or (y) the date on which such reclassification, consolidation, merger, sale, conveyance, dissolution, liquidation or winding up is expected to become effective. Such notice also shall specify the date as of which it is expected that holders of Common Stock of record shall be entitled to exchange their Common Stock for shares of stock or other securities or

property or cash deliverable upon such reclassification, consolidation, merger, sale, conveyance, dissolution, liquidation or winding up.

(i) Reservation of Common Stock. The Corporation shall at all times reserve and keep available for issuance upon the conversion of the Series A Preferred pursuant to Section 7(a), such number of its authorized but unissued shares of Common Stock as will from time to time be sufficient to permit the conversion of all outstanding shares of Series A Preferred, and shall take all action required to increase the authorized number of shares of Common Stock if at any time there shall be insufficient authorized but unissued shares of Common Stock to permit such reservation or to permit the conversion of all outstanding shares of Series A Preferred.

(j) Issuance of Certificates. The issuance or delivery of certificates for Common Stock upon the conversion of shares of Series A Preferred pursuant to Section 7(a) shall be made without charge to the converting holder of shares of Series A Preferred for such certificates or for any tax in respect of the issuance or delivery of such certificates or the securities represented thereby, and such certificates shall be issued or delivered in the respective names of, or (subject to compliance with the applicable provisions of federal and state securities laws) in such names as may be directed by, the holders of the shares of Series A Preferred converted; provided, however, that the Corporation shall not be required to pay any tax which may be payable in respect of any transfer involved in the issuance and delivery of any such certificate in a name other than that of the holder of the shares of Series A Preferred converted, and the Corporation shall not be required to issue or deliver such certificate unless or until the Person or Persons requesting the issuance or delivery thereof shall have paid to the Corporation the amount of such tax or shall have established to the reasonable satisfaction of the Corporation that such tax has been paid.

Section 8. Certain Remedies.

Any registered holder of Series A Preferred shall be entitled to any remedy available to all holders of Common Stock.

Section 9. Call Option.

(a) Call Notice. At any time following the Issue Date, the Corporation may repurchase all or a portion of the shares of Series A Preferred (the "Call Shares"). The Corporation shall exercise this right (the "Call Option") by delivering to each holder of Series A Preferred written notice (the "Call Notice") to such effect stating that the Corporation is relying on this Section 9(a) in requiring such repurchase.

(b) Call Price. If the Call Option is exercised, the Corporation shall repurchase, and each holder of Series A Preferred shall sell, the Call Shares at a price (the "Call Price"), payable in cash, equal to Ten Dollars (\$10.00) per share.

(c) Closing. The closing of the sale of the Call Shares shall be held at the principal office of the Corporation, or such other place as the Corporation shall set; provided, however, that such closing shall be held within thirty (30) days after the Call Notice has been delivered by the Corporation to each holder of Series A Preferred; provided, however, that the

closing shall be delayed as may be necessary to obtain any required governmental or regulatory approvals (including, without limitation, any approval required by the HSR Act). At the closing, each holder of Series A Preferred shall deliver to the Corporation certificates representing all of its Series A Preferred, duly endorsed in blank for transfer or with duly executed stock powers attached.

Section 10. Preemptive Rights.

(a) Holders of shares of Series A Preferred Stock shall have no preemptive rights.

Section 11. Definitions.

For the purposes of this Certificate of Designation of Series A Preferred, the following terms shall have the meanings indicated:

"Affiliate" shall have the meaning ascribed to such term in Rule 12b-2 of the General Rules and Regulations under the Exchange Act; provided that for purposes of this Certificate, the Purchaser shall not be considered an Affiliate of the Corporation.

"Business Day" shall mean any day other than a Saturday, Sunday or other day on which commercial banks in the State of Florida are authorized or required by law or executive order to close.

"Common Stock" shall mean the common stock, par value \$0.001 per share, and each other class of capital stock of the Corporation into which such stock is reclassified or reconstituted.

"Convertible Securities" means evidences of indebtedness, shares of stock or other securities, which are convertible into or exchangeable for, with or without payment of additional consideration in cash or property, additional shares of Common Stock, either immediately or upon the arrival of a specified date or the happening of a specified event.

"Current Market Price" per share shall mean, on any date specified herein for the determination thereof, (a) the average daily Market Price of the Common Stock for those days during the period of twenty (20) days, ending on such date, which are Trading Days, and (b) if the Common Stock is not then listed or admitted to trading on any national securities exchange or quoted in the over-the-counter market, the Market Price on such date.

"Derivative Equivalent Shares" shall mean that number of shares derived by dividing the aggregate consideration received by the Company for the issuance of Derivative Securities, as determined in accordance with the definition of such term, by the Fair Market Value per share of Common Stock immediately prior to such issuance.

"Derivative Securities" shall mean securities, other than Options and Convertible Securities, issued for cash by the Company or an Affiliate of the Company, the value of which is directly based upon or derived by reference to the market value of the Common Stock. The consideration received by the Company for additional shares of Common Stock deemed to be

issued in connection with the issuance of Derivative Securities shall be determined by a recognized financial institution agreeable to the Company.

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended, and the rules and regulations of the Securities and Exchange Commission thereunder.

"Executive Officer" shall mean the Chief Executive Officer, President, Secretary, Treasurer and any Vice President of the Corporation.

"Fair Market Value" shall be equal to the average, for the five trading days prior to the date used for the determination of Fair Market Value, of (i) the last reported sale price of the Common Stock quoted on the Nasdaq National Market System or the principal exchange on which the Common Stock is then listed, whichever is applicable, or (ii) the average of the closing bid and asked prices of the Common Stock quoted in the Over-The-Counter Market Summary, in each case as published in The Wall Street Journal. If no public market exists for the Common Stock at the time of such exercise, the "Fair Market Value" shall be determined by the Company's Board of Directors in good faith, which shall be deemed to be fair market value.

"Issue Date" shall mean the original date of issuance of shares of Series A Preferred to each of the holders.

"Junior Stock" shall mean any capital stock of the corporation ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Preferred including, without limitation, the Common Stock.

"Liquidation Preference" with respect to a share of Series A Preferred shall mean \$10.00, as adjusted, multiplied by the number of such outstanding shares.

"Market Price" shall mean, per share of Common Stock on any date specified herein: (a) the closing price per share of the Common Stock on such date published in The Wall Street Journal or, if no such closing price on such date is published in The Wall Street Journal, the average of the closing bid and asked prices on such date, as officially reported on the principal national securities exchange on which the Common Stock is then listed or admitted to trading; (b) if the Common Stock is not then listed or admitted to trading on any national securities exchange but is designated as a national market system security, the last trading price of the Common Stock on such date; or (c) if there shall have been no trading on such date or if the Common Stock is not so designated, the average of the reported closing bid and asked prices of the Common Stock on such date as shown by NASDAQ and reported by any member firm of the NYSE, selected by the Corporation. If neither (a), (b) or (c) is applicable, Market Price shall mean the Fair Market Value per share determined in good faith by the Board of Directors of the Corporation which shall be deemed to be Fair Market Value.

"NASDAQ" shall mean the National Market System of the NASDAQ Stock Market.

"NYSE" shall mean the New York Stock Exchange, Inc.

"Options" shall mean rights, options or warrants to subscribe for, purchase or otherwise acquire either Common Stock or Convertible Securities.

"Parity Stock" shall mean any capital stock of the corporation, ranking on a par (either as to dividends or upon liquidation, dissolution or winding up) with the Series A Preferred.

"Per Share Equity Value" of a share of Common Stock shall mean the quotient obtained by dividing (a) the "as if fully distributed value" (so that, among other things, there is no consideration given for any minority investment discounts or discounts related to illiquidity or restrictions on transferability) of all the Corporation's outstanding shares of Common Stock (on a fully diluted basis), by (b) the number of outstanding shares of Common Stock on a fully diluted basis.

"Person" shall mean any individual, firm, corporation, partnership, limited liability company trust, incorporated or unincorporated association, joint venture, joint stock company, government (or an agency or political subdivision thereof) or other entity of any kind, and any successor (by merger) of such entity.

"Senior Stock" shall mean any capital stock of the Corporation ranking senior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Preferred.

"Subsidiary" shall mean, with respect to any Person, a corporation or other entity of which fifty percent (50%) or more of the voting power of the voting equity securities or equity interest is owned, directly or indirectly, by such Person.

"Trading Days" shall mean a day on which the national securities exchanges are open for trading.

Section 12. Modification or Amendment.

Except as specifically set forth herein, modifications or amendments to this Certificate of Designation may be made only by a majority of the Corporation's Board of Directors, for which the consent of the holders of the outstanding shares of Series A Preferred shall not be necessary.

IN WITNESS WHEREOF, Mariculture Systems, Inc. has caused this Certificate to be duly executed in its corporate name on this 25th day of May 2004.

Mariculture Systems, Inc.

By: 

Name: David Meilahn

Title: President and Director