

AGREEMENT AND PLAN OF MERGER

THIS AGREEMENT AND PLAN OF MERGER (the "Agreement") is made as of the ____ day of _____, 2015, by and between Marbello Water Co., Inc., a Washington corporation ("Marbello"), Fragaria Landing Water Company, a Washington corporation ("Fragaria"), Lowerper, Incorporated d/b/a Lowerper Water Company, a Washington corporation ("Lowerper") and SJM Water Service, Inc., a Washington corporation ("SJM"), and Iliad Water Services, Inc., a Washington corporation ("Iliad"). Marbello, Fragaria, Lowerper, SJM and Iliad are referred to herein as the "Parties."

RECITALS

- A. Marbello was incorporated on June 8, 1984.
- B. Fragaria was incorporated on July 15, 2002.
- C. Lowerper was incorporated on November 29, 1989.
- D. SJM was incorporated on July 1, 1992.
- E. Iliad was incorporated on June 23, 1992.
- F. Each of Marbello, Fragaria, Lowerper and SJM are wholly owned subsidiaries of Iliad.
- G. The Parties desire that Marbello, Fragaria, Lowerper and SJM be merged with and into Iliad.

NOW, THEREFORE, the Parties agree as follows:

1. Merger. On the Effective Date, Marbello, Fragaria, Lowerper and SJM shall be merged with and into Iliad, and the separate existence of Marbello, Fragaria, Lowerper and SJM shall cease ("Merger"). Iliad as the surviving entity shall continue its existence under the laws of the State of Washington, and upon and after the Merger, Iliad shall possess all the rights, privileges, immunities, powers and obligations, whether of a public or private nature, of Marbello, Fragaria, Lowerper and SJM, all with the effect set forth in RCW 23B.11.060.

2. Effective Date. Subject to the Merger conditions in Section 5 below, the "Effective Date" shall be as follows: ____ p.m., _____, 2015.

3. Merger Conditions. The Articles of Merger shall not be filed with the Secretary of State unless the following conditions are fulfilled or waived by the Parties:

(a) There shall be no action, suit or proceeding pending before any governmental authority that would prevent the consummation of the transactions provided for in this Agreement; and

(b) The Parties shall have obtained all consents, permits and waivers necessary for consummation of the transactions contemplated by this Agreement by such Parties prior to the Effective Date, including without limitation the consent of any lender of the Parties.

4. Cancellation Shares. As of the Effective Date, each share of capital stock of Marbello, Fragaria, Lowper and SJM issued and outstanding immediately prior to the Merger shall automatically, and without any further action, be cancelled.

5. Federal Income Tax Issues. The Parties intend that the Merger have no effect for federal income tax purposes as the Parties have been reporting for tax purposes on a consolidated basis.

6. Articles of Incorporation of Iliad. The Articles of Incorporation and Bylaws of Iliad, the surviving corporation following the Merger, shall continue as the Articles of Incorporation and Bylaws of Iliad and shall not be changed or amended as a result of the Merger. Iliad reserves the right and power, after the Effective Date, to alter, amend, change, or repeal any of the provisions contained in its Articles of Incorporation or Bylaws in the manner now or hereafter prescribed by statute, and all rights conferred on officers, directors, or shareholders herein are subject to this reservation.

7. Directors. The directors and officers of Iliad as of the Effective Date shall continue in office until the next annual meetings of the shareholders and directors of Iliad.

8. Surviving Corporation. On the Effective Date of the Merger, the separate existence of Marbello, Fragaria, Lowper and SJM shall cease, and all of the property rights, privileges, and franchises of whatsoever nature and description, shall be transferred to, vest in, and devolve upon Iliad as the surviving corporation, without further act or deed. Confirmatory deeds, assignments, or other like instruments, when deemed desirable by Iliad to evidence such transfer, vesting, or devolution of any property, right, privilege, or franchise, shall at any time, or from time to time, be made and delivered in the name of Marbello, Fragaria, Lowper and SJM by the last acting officers, or by the corresponding officers of Iliad as the surviving corporation.

9. Termination. This Agreement and the obligations of the Parties may be terminated prior to the Effective Date by a resolution of the Board of Directors of any of the Parties, by giving written notice to the other Parties.

10. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute one instrument.

IN WITNESS WHEREOF, this Agreement, having been duly approved, is hereby executed on behalf of each of the Parties by their respective officers thereunto duly authorized.

MARBELLO WATER CO., INC.

FRAGARIA LANDING WATER
COMPANY

By: _____
Derek Dorland, President

By: _____
Derek Dorland, President

LOWPER, INCORPORATED D/B/A
LOWPER WATER COMPANY

SJM WATER SERVICE, INC.

By: _____
Derek Dorland, President

By: _____
Derek Dorland, President

ILIAD WATER SERVICES, INC.

By: _____
Derek Dorland, President