

Form 51-102F3

MATERIAL CHANGE REPORT

**Section 7.1 of National Instrument 51-102
Continuous Disclosure obligations**

ITEM 1: NAME AND ADDRESS OF COMPANY

Avalite Inc. (the "Corporation")
Suite 101, 2141 Thurston Drive
Ottawa, ON K1G 6C9

ITEM 2: DATE OF MATERIAL CHANGE

December 8, 2009

ITEM 3: NEWS RELEASE

December 8, 2009

ITEM 4: SUMMARY OF MATERIAL CHANGE

The Corporation announced that it has entered into a letter agreement pursuant to which they have agreed to enter into a business combination (the "Business Combination") with True Production Services Inc. ("True") under which the Corporation proposes to acquire all the issued and outstanding True common shares and True preferred shares.

ITEM 5: FULL DESCRIPTION OF MATERIAL CHANGE

Please see the press release attached hereto as Schedule "A".

ITEM 6: RELIANCE ON SUBSECTION 7.1(2) OF NATIONAL INSTRUMENT 51-102

This report is not being filed on a confidential basis.

ITEM 7: OMITTED INFORMATION

None.

ITEM 8: EXECUTIVE DIRECTOR

For further information with respect to this material change, please contact R.A. (Ralph) Misener, President and Chief Executive Officer, by phone at 613.791.7780 or by e-mail at rmisener@avalite.ca.

ITEM 9: DATE OF REPORT

December 17, 2009

SCHEDULE A

News release via Canada NewsWire, Toronto 416-863-9350

Attention Business/Financial Editors:
Avalite Inc. Signs Proposed Business Combination Letter with True
Productions Services Inc. and New Financing

TSX-NEX: ALV.H

OTTAWA and CALGARY, Dec. 8 /CNW/ - Avalite Inc. ("Avalite"; TSX NEX - ALV.H) and True Production Services Inc. ("True") (a Calgary based private energy services company) today announced that they have entered into a letter agreement dated December 4, 2009, pursuant to which they have agreed to negotiate the terms of a definitive agreement (the "Definitive Agreement") to enter into a business combination (the "Business Combination") of the two corporations under which Avalite proposes to acquire all the issued and outstanding True common shares ("True Common Shares") and True preferred shares ("True Preferred Shares"). The parties intend that the Definitive Agreement shall be negotiated and signed by December 15, 2009 and that closing of the Business Combination will occur within 7 business days following receipt of shareholder approval, but no later than March 1, 2010.

About the Business Combination

Avalite and True will complete the Business Combination pursuant to a share exchange, amalgamation or plan of arrangement, to be determined after receipt of advice from professional advisors, whereby the continuing corporation (whether Avalite or a new corporation) (hereinafter called "Avalite") will be renamed to "True Production Services Corp." or to such other name as the parties may agree upon and which is available for use.

Pursuant to the terms of the Business Combination:

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- (a) a new class of Avalite preferred shares ("Avalite Preferred Shares") will be created having the same terms and conditions as the True Preferred Shares;
- (b) all of the issued Avalite Common Shares will be consolidated on a 3.75 for 1 basis (the "Consolidation");
- (c) the holders of consolidated Avalite Common Shares ("Avalite Consolidated Shares") shall receive new Avalite warrants (the "Avalite New Warrants") on the basis of one half (1/2) of an Avalite New Warrant for each Avalite Consolidated Share held. Each Avalite New Warrant shall entitle the holder to subscribe for one Avalite Consolidated Share at a price of \$0.50 for twelve months. If True has issued True New Warrants pursuant to the Offering (as discussed below) on more preferential terms than set out herein, then the terms of the Avalite New Warrants shall be adjusted accordingly;
- (d) the holders of True Common Shares shall receive one (1) Avalite Consolidated Share for each True Common Share owned;
- (e) the holders of True Preferred Shares shall receive one (1) Avalite Preferred Share for each True Preferred Share owned;
- (f) the holders of True warrants and Avalite warrants outstanding at closing shall be entitled to receive new warrant certificates of Avalite in adjusted numbers based on the exchange ratios of the Business Combination set out above, but with all exercise periods and other terms remaining the same as in their original warrant instruments; and
- (g) the share and warrant entitlements referred to above shall be issued after the completion of all of the steps of the Business Combination.

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The Definitive Agreement for the Business Combination is anticipated to be executed on or about December 15, 2009, subject to completion of due diligence by each of Avalite and True, provided that there has been no material adverse change in the business or financial condition of either True or Avalite since the date of its last issued financial statements through to the completion of the Business Combination, approval of the Business Combination by the boards of directors of each of True and Avalite and shareholder approval of each of True and Avalite. The Business Combination is also subject to acceptance of the TSX Venture Exchange.

Financing

Prior to or concurrently with the Business Combination and as a condition, True will raise a minimum of \$1.5 million and up to a maximum of \$3.0 million in gross proceeds by way of one or more private placements (the "Offering") of units ("Units") of True at an offering price of \$0.30 per Unit. Each Unit shall comprise one (1) True Common Share and one half (1/2) of a True Common Share purchase warrant ("True New Warrant"), each True New Warrant entitling the holder to purchase one True Common Share at a price of \$0.50 per share until December 31, 2010. The offering of Units will result in the offering of a minimum of 5,000,000 True Common Shares and 2,500,000 True New Warrants up to a maximum of 10,000,000 True Common Shares and 5,000,000 True New Warrants. The proceeds of the True Private Placement, together with the cash-on-hand of Avalite of approximately \$1.0 million, shall be applied to the fabrication of up to 8 WellRunner wireline trucks (\$2.0 million), debt reduction (\$0.8 million) and working capital of \$250,000.

Pro forma Capitalization

Upon completion of the Offering and the Business Combination, an aggregate of 20,711,087 Avalite Consolidated Shares (in the case of the minimum Offering), and up to an aggregate of 25,711,087 Avalite Consolidated Shares (in the case of the maximum Offering), will be issued and outstanding. The following table provides the anticipated breakdown of the Avalite Consolidated Shares upon completion of the Offering and Business Combination (assuming current shareholders of Avalite and True do not subscribe to the offering):

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Shareholder Group	Number of Avalite Shares (Post-Offering and Consolidation)	Ownership % of Avalite Shares (Minimum Offering)	Ownership % of Avalite Shares (Maximum Offering)
Current Avalite shareholders	4,464,773	21.56%	17.37%
Current True shareholders	11,246,314	54.30%	43.74%
Subscribers to the Offering (minimum)	5,000,000	24.14%	-
Subscribers to the Offering (maximum)	10,000,000	-	38.89%

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No persons will own or control, directly or indirectly, more than 10% of

the Avalite Shares upon closing of the Business Combination (assuming none of such persons participate in the Offering).

The completion of the Business Combination is subject to, among other things, obtaining all necessary regulatory approvals, including the acceptance from the TSX Venture Exchange, Avalite shareholder approval, True shareholder approval and completion of the minimum Offering prior to or concurrently with the Business Combination. It is a further condition precedent that the shareholders of each of True and Avalite holding at least 30% of the shares of their respective corporations enter into agreements whereby they agree to vote their respective shares in favour of the Business Combination.

There can be no assurance that the Business Combination will be completed as proposed or at all.

As a condition of the TSX Venture Exchange approving the Business Combination, it may require that certain shareholders of Avalite to enter into escrow agreements in respect of their Avalite Consolidated Shares, which they will receive pursuant to the Business Combination.

Avalite's stock option plan, under which no options are currently granted, will remain in force following completion of the Business Combination.

Summary of Biographies of the Board of Directors and Executive Officers

It is proposed that upon the closing of the Business Combination, a new board of directors of Avalite will be elected or appointed, consisting of at least five directors, all of whom will be nominees of True. The nominees are as follows: Robert J. Iverach, Michael Hale, Christopher Seaver, Allan Albertson and Boris Makowicki. The following are the biographies of the proposed directors and officers:

Robert J. Iverach, Q.C., ICD.D - Proposed Director

Mr. Iverach is currently a director of Fort Chicago Energy Partners L.P. (TSX) and Chairman of the Board of Avalite Inc. (TSX-V). Recently, Mr. Iverach was a director of NovAtel Inc. (Nasdaq), Chairman of the Board of Directors of WIN Energy Corporation (TSX-V) and a director of Maxx Petroleum Ltd. (TSE). He is currently Chairman of the Board of True Production Services Inc., Rodinia Oil Corp., Australia Energy Corp. and Vacci-Test Corporation (all private corporations). Mr. Iverach was a founding partner of the tax law firm of Felesky Flynn LLP in 1978 and retired therefrom as a partner in 2004. Mr. Iverach graduated from the University of Calgary with a Bachelor of Arts, from the University of Alberta with a Bachelor of Laws and from the London School of Economics with a Master of Laws. He has been a member of the Law Society of Alberta since 1972 and received the Queen's Counsel designation in 1990.

Mike Hale - Proposed President, Chief Executive Officer and Director

Michael Hale has over 17 years experience in the areas of finance and production accounting. He is the President and founder of Star Capital Inc., a Calgary venture capital firm. His areas of expertise are in business evaluation and feasibility analysis. He was a founding shareholder of Maxen Petroleum Inc. (now Pan Orient Energy Corp.), Camdel Energy Inc. and Canasia Energy Services Ltd. Mr. Hale is also President and a founder of True Production Services Inc.

Christopher T. Seaver - Proposed Director

Christopher T. Seaver retired as Chairman of the Board, President and Chief Executive Officer of Hydril Company ("Hydril") (Nasdaq), an oil and gas services company specializing in pressure control equipment and premium connections for tubing and casing, when it was sold in 2007. Mr. Seaver served as CEO and a director of Hydril since 1997 to 2007, and as president from 1993 to 2007. He joined Hydril in 1985 and held a series of domestic and international management positions after that time. Prior to joining Hydril, Mr. Seaver was a corporate and securities lawyer and, before that, a U.S.

Foreign Service Officer with postings in Kinshasa, Congo and Bogota, Colombia. He holds a J.D. and a MBA from Stanford University. Mr. Seaver is presently a director of Exterran Holdings (NYSE, Nasdaq) and Oil States International Inc. (NYSE).

Allan Albertson, P. Eng - Proposed Director - Allan Albertson is a Petroleum Engineer with over 16 years of practical experience in oil and gas operations. He has considerable experience in exploration, drilling and development in WCSB and six other basins, including the Middle East, Caspian and South America. Conversed in both design and management of projects, he has worked in conventional as well as heavy oil projects. Mr. Albertson has direct management experience of various oilfield services and has led many drilling, completions and stimulation projects. In his years of technical experience, Mr. Albertson has worked for many large energy and oilfield service companies as well as juniors, including Halliburton, Gulf Canada, Burlington Resources and Encana. Mr. Albertson holds a B.Sc. in Petroleum Engineering from Montana Tech and is recognized as a Professional Engineer by APEGGA.

Boris Mackowecki - Proposed Director

Boris Makowecki is a founding partner and current Executive Vice President of Hyduke Energy Services Inc. Mr. Makowecki is also a director of Echo-B-Canada Ltd. as well as True Production Services Inc. Over his thirty-one years of experience in the oil and gas service sector, Mr. Makowecki has overseen the successful startups of two Alberta based oil and gas service companies.

Jeffrey W. Holmgren - Proposed Vice President Finance and Chief Financial Officer

Mr. Holmgren is a Chartered Accountant with experience in both public practice (Ernst & Young LLP) and the oil and gas industry most recently with True Production Services Inc. (since January 2009). Previous to his tenure with True Production Services Inc., Mr. Holmgren acquired extensive industry experience with various public and private oil and gas companies including Progress Energy Trust, ProEx Energy Ltd. and various private oil and gas exploration companies. Mr. Holmgren has acquired an in-depth experience in corporate structuring, financial management and reporting for both large and small domestic and international oil and natural gas companies.

Principal Shareholders of True

The following table lists those persons who own 10% or more of the issued and outstanding True Common Shares:

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Name and Municipality of Residence	Type of Ownership	Number of True Common Shares Owned	Percentage of True Common Shares Owned
Dan Ardiel, Calgary, Alberta	Registered and Beneficial	1,649,999	14.67%
Allan Albertson, Calgary, Alberta	Registered and Beneficial	1,469,999	13.07%
Michael Hale, Calgary, Alberta	Registered and Beneficial	1,424,002	12.66%

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About True Production Services Inc.

True is a private company incorporated under the laws of the Province of Alberta on April 27, 2006 under the name "True Production Testing Inc." On June 8, 2007, True amended its Articles of Incorporation to change its name to "True Production Services Inc." True is engaged in the business of providing production testing, wireline and ancillary services to petroleum and natural gas exploration and production companies in Canada.

In operation since early 2008, True provides production testing, wireline services and ancillary services to oil and gas exploration and production companies operating in the Western Canadian Sedimentary Basin ("WCSB"). In the second and third quarters of 2009, True developed and had built a slickline services truck with significant improvements and modifications over conventional slickline trucks in the WCSB and named it the "WellRunner". The development of the WellRunner was in response to the industry's desire for a full service slickline truck at more affordable rates, operational through all seasons of the year including the seasonal spring and fall road ban periods during which the majority of slickline trucks are left sitting idle for up to eight weeks in each year. Management of True believes that WellRunner delivers the following advantages to industry over existing units commonly utilized in the WCSB.

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- Lower operating cost structure provides significant savings to customers.
- A lightweight design provides full-service capabilities during extreme road bans exceeding 65% thereby providing uninterrupted operations during spring/fall seasons.
- The WellRunner has been designed to provide full service operations up to depths of 6,500 meters, comparable to significantly heavier and costlier conventional slickline trucks currently operating in the WCSB.

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True has operated the first WellRunner truck since the beginning of October 2009 with positive results and intends to increase the fleet by up to 8 additional trucks from the proceeds of the Offering.

Selected Financial Information of True

The following is a summary of certain financial information derived from audited annual financial statements for the year ended June 30, 2009, and the unaudited financial information of True for the three months ended September 30, 2009. Readers are cautioned that the financial information as at September 30, 2009 has been provided by management of True and there is no assurance that this financial information is accurate prior to the completion of an independent audit.

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	September 30, 2009	June 30, 2009
	(\$)	(\$)
ASSETS		
Current		
Cash and cash equivalents	-	33,909
Accounts receivable	713,568	182,434
Prepaid expenses and deposits	60,793	58,931
	774,361	275,274
Future income taxes	223,844	223,844
Property, plant and equipment (Note 4)	2,644,170	2,530,731

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	3,642,375	3,029,849

LIABILITIES		
Current		
Accounts payable, accrued liabilities	905,984	456,584
Government remittances payable (Note 6)	291,674	129,294
Current portion of long term debt (Note 5)	507,889	684,461

	1,705,547	1,270,339
SHAREHOLDERS' EQUITY		
Long term debt (Note 5)	387,847	204,989
Common Share capital (Note 7)	1,659,679	1,648,607

	2,093,394	1,475,328
Share subscriptions	-	65,000
Preferred Class A share capital (Note 7)	365,000	-
Deferred acquisition (Note 2 and 7)	800,000	800,000
Loans from Shareholders (Note 7)	462,500	470,000
Preferred Shares dividends paid (Note 7)	(10,875)	-
Deficit	(1,727,323)	(1,429,086)

	1,548,981	1,554,521

	3,642,375	3,029,849

	Three months ended, September 30, 2009	Year ended, June 30, 2009
	(\$)	(\$)

REVENUES		
Operating revenues	928,339	1,841,871

EXPENSES		
Operating	894,782	1,578,259
General and administrative	231,115	1,143,150
Interest and financing	19,594	74,999
Amortization of property and equipment	81,085	533,906
	1,226,576	3,330,314

LOSS FROM OPERATIONS	(298,237)	(1,488,443)

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Description of Resulting Issuer

Upon completion of the Business Combination, the resulting issuer (the "Resulting Issuer") intends to continue carrying on the business of production testing, wireline services and ancillary services to oil and gas exploration and production companies operating in the WCSB. The business of the Resulting Issuer will be the same as the business of True.

All information provided in this news release relating to True has been provided by management of True and has not been independently verified by management of Avalite.

Sponsor

If required, Avalite and True will engage a sponsor ("Sponsor"), subject to satisfactory due diligence, and will pay the Sponsor a financial advisory fee.

Cautionary Statements

As part of the regulatory approval process, Avalite anticipates submitting for review by the TSX Venture Exchange a management information circular. The Avalite Common Shares will remain halted until such time as permission to resume trading has been obtained from the TSX Venture Exchange and submission of required documentation to the TSX Venture Exchange.

Completion of the Business Combination is subject to a number of conditions including, but not limited to, the parties entering into a definitive agreement, TSX Venture Exchange acceptance and shareholder approval of both Avalite and True. The Business Combination cannot close until the required Shareholder approval is obtained. There can be no assurance that the Business Combination will be completed as proposed or at all.

Investors are cautioned that, except as disclosed in the management information circular prepared in connection with the Business Combination, any information released or received with respect to the reverse take-over may not be accurate or complete and should not be relied upon. Trading in the securities of Avalite should be considered highly speculative.

All information contained in this news release with respect to Avalite and True was supplied by Avalite and True, respectively, for inclusion herein, and with respect to such information, Avalite and its board of directors and officers have relied on True.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

This news release may contain forward-looking statements based on assumptions and judgments of management of Avalite and True regarding future events or results. Such statements are subject to a variety of risks and uncertainties, which could cause actual events or results to differ materially from those reflected in the forward-looking statements. Avalite disclaims any intention or obligation to revise or update such statements except as may be required by law.

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/For further information: Avalite Inc., R.A. (Ralph) Misener, CEO, (613) 791-7780, Email: [rmisener\(at\)avalite.ca](mailto:rmisener@avalite.ca); True Production Services Inc, Jeffrey W. Holmgren, VP Finance and CFO, (403) 718-3877, [jholmgren\(at\)trueinc.ca](mailto:jholmgren@trueinc.ca)/
(ALV.H.)

CO: Avalite Inc.

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