FORM 51-102F3

Material Change Report

Item 1 Name and Address of Company

Route1 Inc. (formerly The Prospectus Group Inc.)
165 Avenue Road, Suite 401
Toronto, Ontario
M5R 3S4

Item 2 Date of Material Change

October 14, 2004 (Private Placement)
October 15, 2004 (RTO)

Item 3 News Release

News releases announcing the closing of the transactions noted in this report were issued through Canada NewsWire on October 14, 15 and 19, 2004.

Item 4 Summary of Material Change

On October 15, 2004, The Prospectus Group Inc. ("PGI") and IP Co. Limited ("IP Co.") completed a reverse takeover (the "RTO") by way of an amalgamation between IP Co. and 2049557 Ontario Inc. ("Subco"), a wholly-owned subsidiary of PGI. PGI also concluded a financing by way of private placement (the "Private Placement") on October 14, 2004, with gross proceeds of approximately $4.4 million.

Item 5 Full Description of Material Change

Effective July 21, 2004, PGI, IP Co. and Subco entered into a combination agreement (as later amended, the "Combination Agreement") setting out the terms on which IP Co. would effect an RTO of PGI. Pursuant to the Combination Agreement, each of PGI and IP Co. had requested and received approval of their respective shareholders, and had requested approval of the TSX Venture Exchange.

As contemplated by the Combination Agreement, the Private Placement was completed at a price of $0.35 per unit (each, a "Unit"), with gross proceeds of approximately $4.4 million. Each Unit consisted of 1 subscription receipt and one-half common share purchase warrant. Upon the closing of the RTO, each subscription receipt was automatically exercised into one common share. Each whole-warrant is exercisable into 1 common share at $0.50 for the first 18 months after closing of the RTO and at $0.60 for 12 months thereafter. Pursuant to the Private Placement, PGI has issued 12,505,956 warrants and 12,505,956 common shares.

The RTO included the acquisition of all of the issued and outstanding securities of IP Co. by PGI. As consideration, IP Co. shareholders received in aggregate 60,000,000 common shares of PGI. Concurrent with the closing of the RTO, PGI has changed its name to Routel Inc. and has changed the composition of its board of directors and senior management. A full description of the RTO and related transactions is contained in the joint management proxy information circular of PGI and IP Co. dated July 21, 2004 and the supplement to the joint circular dated September 20, 2004.

The RTO and all related transactions have been approved by TSX Venture Exchange as evidenced by the public release of a Final Exchange Bulletin on Wednesday, October 20, 2004.

Item 6 Reliance on subsection 7.1(2) or (3) of National Instrument 51-102

Not applicable.

Item 7 Omitted Information

No significant facts remain confidential in, and no information has been omitted from, this report.

Item 8 Executive Officer

For further information please contact John Denham, Chief Financial Officer and Vice President Finance, at (416) 848-8391.

Item 9 Date of Report

October 25, 2004.