ZI CORPORATION
Suite 2100, 840 - 7th Avenue, S.W.
Calgary, Alberta
T2P 3G2

ALBERTA SECURITIES COMMISSION
20th Floor, 10025 Jasper Avenue
Edmonton, Alberta
T5K 3Z5

Attention: Executive Director

ONTARIO SECURITIES COMMISSION
Suite 1800, Box 55
20 Queen Street West
Toronto, Ontario M5H 3S8

Attention: Executive Director

Dear Sirs:

Re: ZI CORPORATION
Material Change Report Under Section 146 of the *Securities Act* (Alberta) and Section 75(2) of the *Securities Act* (Ontario)

This letter is intended as a statement setting forth certain matters that may be a material change in the affairs of Zi Corporation (the "Corporation" or "Zi"). For convenience, this letter is itemized in the same manner as Form 27 of the *Securities Act* (Alberta) and the *Securities Act* (Ontario) respectively. Concurrent with this filing, this letter is being filed with The Toronto Stock Exchange, and the NASDAQ stock market, being the only exchanges on which the Corporation's shares are currently listed.

Item 1 - Reporting Issuer

Zi Corporation
Suite 2100, 840 - 7th Avenue S.W.
Calgary, Alberta T2P 3G2
Telephone: (403) 233-8875
Facsimile: (403) 233-8878

Item 2 - Date of Material Change

November 7, 2002

Item 3 - News Release

A press release was issued on November 7, 2002.

Item 4 - Summary of Material Change

The Corporation has closed the sale of 55% of its interest in the Magic Lantern group of companies, to JKC Group, Inc., a company whose shares are listed on the American Stock Exchange (AMEX).

Item 5 - Full Description of Material Change

On November 7, 2002, Zi completed the sale of 55% of its interest in the Magic Lantern group of companies (the "Lantern Group") to JKC Group Inc. ("JKC"), a Securities and Exchange Commission registered company incorporated in the state of New York. The Lantern Group operations will comprise the most significant portion of JKC's operations subsequent to the sale. The closing was held immediately following approval of the transaction by JKC shareholders at a special meeting. As part of the transaction, JKC changed its corporate name to Magic Lantern Group, Inc. Its AMEX trading symbol changed to GML, effective at the opening of trading on November 8, 2002.

Under the agreement for purchase and sale, Zi received a 45% equity interest in JKC, consisting of 29,750,000 shares, and a three-year promissory note of JKC in the amount of US$3,000,000(the "JKC promissory note"). Both the stock and cash consideration are subject to adjustment based on the Lantern Group's performance for the first year after the sale. Zi may receive additional consideration of up to US$2,930,000, payable in cash and stock, if the Lantern Group's consolidated revenues for that period exceed US$12,222,500. The purchase price will also be subject to reduction if Lantern Group revenues for that period are less than US$5,000,000. In that event, the shortfall, up to US$1,000,000, will be offset against the principal amount of the JKC promissory note. Zi has accounted for the sale at the date of closing by recognizing its interest in the net assets of JKC acquired and 55% of the promissory note received, excluding the note's contingent portion of US$1,000,000. Accordingly, Zi's approximately $2,800,000 book value for Magic Lantern at September 30, 2002, consisting of patents, distribution agreements, capital and current assets, upon closing of the transaction results in a note receivable and an investment in shares, in the amount of $1,600,000 and $1,200,000 respectively, with no gain recognized. A nominal value has been ascribed to the JKC stock consideration received. Any gain associated with the value of the JKC stock consideration received will not be recognized until a future sale of part or all of Zi's interest to an unrelated third party.

Howard Balloch, Michael MacKenzie and Michael Lobsinger, who are all board members of Zi, have joined the board of GML. By relinquishing operational and financial responsibility for Magic Vision, Zi management intends to commit its resources and focus on its Zi technology business segment, while maintaining a meaningful equity position and strategic role in the business of Magic Lantern. The Corporation had acquired all of the issued and outstanding shares of Magic Vision Media Inc. (which wholly owned Magic Lantern Communications Ltd.) effective March 18, 2002.

The common shares of GML acquired by Zi are subject to an indefinite hold period in Canada but may be resold pursuant to statutory exemptions. The Corporation was granted a right to require GML to register under U.S. securities laws the GML securities acquired by Zi, and has commenced steps to effect such registration.

Item 6 - Reliance on Section 146 (2) of the *Securities Act* (Alberta) and Section 75(2) of the *Securities Act* (Ontario)

Not applicable

Item 7 - Omitted Information

Not applicable

Item 8 - Senior Officer

The name of a Senior Officer of the Corporation who is knowledgeable about the material change and who can be contacted by the Commission is:

Dale Kearns
Chief Financial Officer
Telephone: (403) 231-0700
Facsimile: (403) 231-4599

Item 9 - Statement of a Senior Officer

The foregoing accurately discloses the material change referred to in this report.

DATED at Calgary, Alberta, this 15th day of November, 2002.

Yours truly,

ZI CORPORATION

Per: Signed "*Dale Kearns*"
Dale Kearns
Chief Financial Officer