IN THE MATTER OF the Canadian Securities Legislation
of the Provinces of British Columbia,, Manitoba, Quebec,
Saskatchewan, Ontario, Nova Scotia and New Brunswick

AND

IN THE MATTER OF the Mutual Reliance Review System
For Exemptive Relief Applications

AND

IN THE MATTER OF Pioneer Companies, Inc.,
PCI Chemicals Canada Inc. and Pioneer Corporation of America

WHEREAS an application was received by the Canadian securities regulatory authority or regulator (the "Decision Maker") in each of the provinces of British Columbia, Manitoba, Saskatchewan, Ontario, Quebec, Nova Scotia and New Brunswick (the "Jurisdictions") from PCI Chemicals Canada Inc. ("PCICC"), Pioneer Corporation of America ("PCA") and Pioneer Companies, Inc. (the "Applicant") for a decision pursuant to the securities legislation of the jurisdiction (the "Securities Legislation") that the requirements contained in the Securities Legislation to be registered to trade in a security (the "Registration Requirement") and to file and obtain a receipt for a preliminary prospectus and a prospectus in respect of such security (the "Prospectus Requirement") shall not apply to (i) the proposed issuance, various exchanges and first trades of common shares, debt and debt securities, and to (ii) to the distributions made by the Disbursing Agent (as herein defined) to holders of claims, the whole pursuant to the Plans (as herein defined);

AND WHEREAS pursuant to the Mutual Reliance Review System for Exemptive Relief Applications (the "System"), the Quebec Securities Commission is the principal regulator for this application;

AND WHEREAS the Applicant, PCICC and PCA have -represented to the Decision Makers that:

1. The Applicant, PCICC and PCA

(a) The Applicant is a corporation incorporated under the laws of the State of Delaware having its principal place of business at 700 Louisiana Street, Suite 4300, Houston, Texas 77002, U.S.A. and it is not a reporting issuer in the Jurisdictions.

(b) The outstanding shares of the Applicant's common stock were listed and posted for trading on the Nasdaq National Market.

(c) As of September 20, 2001, the issued capital of the Applicant consisted of 11,538,000 common shares.

(d) The Applicant is not, and has no intention of becoming a reporting issuer or the equivalent under the Securities Legislation of any of the jurisdictions.

(e) The Applicant is a reporting company with the United States Securities and Exchange Commission (the "SEC"). The Applicant is subject to the reporting requirements of the Securities Act of 1933, as amended and is current in its reporting obligations thereunder.

(f) PCICC is a legal person duly constituted under the laws of New Brunswick, Canada having its chief executive office in the City of Montr翷, in the Province of Qu翷c. PCICC is the indirect wholly-owned subsidiary of the Applicant. PCICC operates three (3) production facilities in Canada, as well as a research facility.

(g) PCA, a wholly-owned subsidiary of the Applicant, is a corporation incorporated under the laws of the State of Delaware,

2. Background and Basis for the Application

(a) On July 31, 2001, the Applicant and certain of its U.S. subsidiaries and PCICC filed voluntary petitions for relief pursuant to Chapter 11 of the U.S. *Bankruptcy Code*. Also, on August 1, 2001, PCICC obtained an initial order of the Quebec Superior Court of Justice pursuant to the *Companies' Creditors Arrangement Act* ("CCAA").

(b) A plan of arrangement and compromise under the CCAA (the "CCAA Plan") and a plan of reorganization of the Applicant and certain of its U.S. subsidiaries (the "U.S. Plan" and, collectively with the CCAA Plan, the "Plans") were made and the relevant petitions were filed in order to implement an agreement with certain secured creditors for restructuring and reducing the obligations owed to them. The Plans provide for the exchange of approximately US$552 million of outstanding indebtedness (plus accrued interest) for US$200 million of new debt and 97% of the New Common Stock as more fully described herein.

(c) The Plans provide for a comprehensive recapitalization of the Applicant and its subsidiaries, through the settlement of claims of their creditors in consideration of the issuance of shares of the common stock of the Applicant or of any of its successor by merger, consolidation or otherwise ("Reorganized PCI") (the "New Common Stock") and of the following securities: New Tranche A Term Notes(such notes are in an aggregate amount of $US50 million and are to be issued by the applicable debtor incorporated in the U.S.), New Tranche B Notes (such notes are in aggregate amount of $US150 million and are to be issued in an amount less than $US150 million by PCICC), guarantees and 10,000,000 shares of the New Common Stock and such other securities that may be issued pursuant to the Plans, as amended (collectively with the New Common Stock referred to as the "Reorganization Securities").

(d) Under the CCAA Plan, there are two (2) classes of creditors for voting purposes on the CCAA Plan, namely secured creditors (being the creditors whose claims are secured on PCICC's assets, other than its working capital asset) and a general class of unsecured creditors. Subject to amendments and to the approval by the required majority in each class, the distributions will be as follows:

> Class 1: Each secured creditor shall receive on account of his claim, his pro rata share of 57% of (i) the New Tranche A Term Notes; (ii) the New Tranche B Notes; and (iii) 9,700,000 shares of the New Common Stock, the whole as per the U.S. Plan;
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> Class 2: Each unsecured creditor may elect to receive, in full satisfaction, settlement, release and discharge of and in exchange for his claim, either (i) the lesser of $750 or the amount of his claim; or (ii) on account of his claim pro rata share of 300,000 shares of the New Common Stock, the whole as per the U.S. Plan,

(e) Holders of claims under the U.S. Plan are classified into eleven (11) classes as described in the U.S. Plan. Up until now, according to the available information, residents of Canada who are creditors of the Applicant are currently all holders of unsecured claims and fall under Class 8 of the U.S. Plan and, subject to the ability of holders of claims of $750 to be paid in full, they should only receive distribution as below described.

Class 8 claim holders are holders of general unsecured claims who will receive their pro rata share of the New Common Stock which should be listed on the Nasdaq National Market with a par value per share of $0.01.

(f) The Applicant has agreed to use reasonable commercial efforts to cause the shares of the New Common Stock to be listed on Nasdaq National Market or on a national securities exchange.

(g) Up until now, none of the secured creditors who will receive distribution under the U.S. Plan are currently residents of Canada. However, nothing shall prevent the transfer, of securities, held by creditors who are not residents of Canada to Canadian residents prior to the implementation of the Plans. Consequently, if there were such secured creditors residing in Canada, they would receive distribution as described in the U.S. Plan.

(h) There are over 960 unsecured creditors under the Plans of which over 120 are residing outside of Canada, over 285 are residents in Ontario, over 370 are residents of the Province of Quebec, over 94 are residents of the Province of New Brunswick, over 42 are residents of the Province of Nova Scotia, 9 are residents of the Province of Alberta, 4 are residents of the Province of British Columbia, 2 are residents of the Province Saskatchewan, and 1 is resident of the Province of Manitoba.

(i) Holders of unsecured claims under the Plans (collectively, the "Unsecured Creditors") will receive 300,000 shares of the New Common Stock which shall be three percent (3%) of such shares issued and outstanding following implementation of the Plans.

Section 1145(a)(1) of the *U.S. Bankruptcy Code*, exempts the offer and sale of securities from registration under U.S. Federal and State securities laws if (1) the securities have been issued "under a plan" of reorganization by the debtor or its successor or by an affiliate participating in a joint plan of reorganization with the debtor, (2) the recipients of the securities hold a pre-petition or administrative expense claim against the debtor or an interest in the debtor, and (3) the securities are issued entirely in exchange for the recipient's claim against or interest in the debtor, or "principally" in such exchange and "partly" for cash or property. Section 1145(c) of the *U.S. Bankruptcy Code* deems any offer of sale of securities of the kind and in the manner specified in Section 1145(a)(1) to have been a public offering, and such securities will be freely transferable under the U.S. federal securities laws, subject to certain exceptions.

(k) The Pioneer companies, Wells Fargo Bank Minnesota, National Association, Bank of New York Asset Solutions LLC, United States Trust Company of New York, or its successor or any other trust or bank designated by the Pioneer Companies will act as disbursing agent ("Disbursing Agent") under the Plans with respect to all distributions to holders of claims. Such Disbursing Agent will make all distributions required to be distributed pursuant to the Plans. In return, each such Disbursing Agent will receive reasonable compensation for distribution services rendered under the Plans.

(l) Creditors resident in the Jurisdictions have been provided with a copy of the CCAA Plan, and a Cross-Border Insolvency Protocol containing information specific to the Canadian proceedings and the U.S. proceedings and the disclosure material relating to the CCAA Plan that is provided to all other creditors and upon becoming a shareholder of Reorganized PCI, creditors resident in the jurisdictions will be concurrently provided with the disclosure material relating to Reorganized PCI that is provided to holders of the New Common Stock resident in the United States.

(m) At the time of any issuance of the New Common Stock under the Plans, holders of the new Common Stock whose last address as shown on the books of the Applicant in Canada will not hold more than 10% of the total number of outstanding shares of the New Common Stock and will not represent in number more than 10% of the total number of holders of shares of the New Common Stock.

(n) Prior to the actual implementation of the Plans, there may be preliminary steps which shall be taken in order to ensure that all creditors affected by the Plans receive the appropriate distributions under the Plans. Such preliminary steps may

involve exchanges of Reorganization Securities between creditors of the various debtors (i.e., Pioneer companies) as described in the Plans.

(o) Implementation of the Plans is subject to the approval of the creditors and of the United States and Canadian courts.

(p) Implementation of the Plans is necessary for the financial survival of the Pioneer companies.

AND WHEREAS pursuant to the MRRS, this MRRS Decision Document evidences the decision of each Decision Maker (collectively, the "Decision");

AND WHEREAS each of the Decision Makers is satisfied that the test contained in the Securities Legislation that provides the Decision Maker with the jurisdiction to make the Decision has been met;

THE DECISION of the Decision Makers pursuant to the Securities Legislation is that the Registration and Prospectus Requirements contained in the Securities Legislation shall not apply to the issuance and various exchanges of the Reorganization Securities pursuant to the Plans and to the distribution made by the Disbursing Agent under the Plans provided that the first trade in the New Common Stock shall be deemed a distribution or primary distribution to the public under the Securities Legislation of such jurisdiction unless:

(a) Such trade occurs outside of Canada through the Nasdaq National Market; or

(b) Such trade occurs on a stock exchange outside of Canada on which the New Common Stock are listed and posted for trading;

and further provided that the first trade in Reorganization Securities (other than the New Common Stock) shall be deemed to be a distribution or primary distribution to the public under the legislation of such Jurisdiction (the "Applicable Legislation") unless:

(c) At take time of the first trade, the issuer of the Reorganization Securities is and has been a reporting issuer or the equivalent under the Applicable Legislation for the 12 months immediately preceding the trade;

(d) If the seller of the securities is an insider or officer of the issuer, the seller has no reasonable grounds to believe that the issuer of the Reorganization Securities is in default of any requirement of the Applicable Legislation;

(e) Disclosure has been made to the jurisdiction of the trade pursuant to which the seller initially acquired the security being sold;

(f) No usual effort is made to prepare the market or create a demand for the Reorganization Securities being sold and no extraordinary commission or consideration is paid in respect of such trade; and

(g)Except in Quebec, no trade from the holdings of a person or company or a combination of persons or companies holding a sufficient number of any securities of the issuer of the Reorganization Securities will be made as to affect materially the control of the issuer of the Reorganization Securities. For these purposes, the holding by any person or combination of persons of more than 20% of the voting securities of an issuer is deemed to affect materially the control of such issuer.

DATED in "Montreal" on this "15th" day of "November", 2001.

(s) Guy Lemoine

(s) Mark Rosenstein