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UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEVADA

Case Nos. BK-N-98-30088 GWZ
through BK-N-98-30105 GWZ
(Jointly Administered)

Chapter 11

In Re:

PEGASUS GOLD CORPORATION, a
Nevada corporation; and related entities

Debtors.

*5-17-99
9:00 AM*

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U.S. BANKRUPTCY COURT
PATRICIA GRAY, CLERK

**FOURTH INTERIM AND FINAL APPLICATION FOR COMPENSATION
AND REIMBURSEMENT OF EXPENSES OF
EXECUTIVE SOUNDING BOARD ASSOCIATES INC.
FINANCIAL CONSULTANT TO THE COMMITTEE OF UNSECURED CREDITORS
OF PEGASUS GOLD CORPORATION AND RELATED ENTITIES**

TO THE HONORABLE GREGG W. ZIVE, UNITED STATES BANKRUPTCY JUDGE:

COMES NOW **Executive Sounding Board Associates Inc.** ("ESBA" or the "Applicant"), the duly appointed Financial Consultants for The Committee of Unsecured Creditors (the "Committee") of Pegasus Gold Corporation, Pegasus Gold, Inc. Beal Mountain Mining, Inc., Black Pine Mining, Inc., Diamond Hill Mining, Inc., Florida Canyon Mining, Inc., Pangea Explorations, Inc., Pangea Gold Corporation, Pangea International Holdings Corporation, Pangea Minerals, Inc., Pangea Resources Explorations, Inc., Pegasus Gold Financé Corporation, Pegasus Gold Financing, L.L.C., Pegasus Gold International, Inc., Pegasus Gold Montana Mining, Inc., POV Corporation, Montana Tunnels Mining, Inc. and Zortman Mining, Inc., jointly administered under Pegasus Gold Corporation, BK-N-98-30088 (the "Debtors"), in the above titled and numbered Chapter 11 bankruptcy cases, and files this their Fourth Interim and Final Application for Compensation and Reimbursement of Expenses ("Application") and in support thereof would respectfully show the following:

I

ESBA makes this fourth and final application for allowance of compensation for professional services in the amount of \$10,753.50 (rendered by ESBA from December 1, 1998 through February 5, 1999) (the "Subject Period"). ESBA seeks allowance of compensation for professional services performed by ESBA during the Subject Period, during which time ESBA expended a total of 42.9 hours of professional time in the performance of services rendered on behalf of the Committee. A summary of the hours worked during the Subject Period, and the corresponding hourly rate charged, by each employee is set forth in Exhibit 2-A. An accounting of the dates of such services and the hourly rate charged by each employee is set forth in Exhibit 3 and incorporated herein for all purposes.

II

On January 16, 1998, this case was commenced by the filing of a Petition for Relief under Chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the District of Nevada. The Debtors maintained possession of their properties and as debtor-in- possession and continued to operate its business and manage its properties. On May 13, 1998, and supplemented on May 21, 1998, the Official Unsecured Creditors Committee filed with this Court their Application For Approval of Employment of Executive Sounding Board Associates, Inc. as Financial Consultant to the Official Unsecured Creditors' Committee, whereby the Committee sought approval from this Court authorizing the nunc pro tunc retention of ESBA as its financial consultant in this Chapter 11 case. On June 8, 1998, this Court orally approved the appointment of ESBA to serve as financial consultant for the Committee pursuant to 11 U.S.C. section 1103(a). True and correct copies of these Orders appointing ESBA are attached hereto and incorporated herein for all purposes as Exhibit 1.

III

On July 31, 1998, ESBA filed its First Interim Application for Compensation and Reimbursement of Expenses seeking allowance and payment of \$113,745.50 (net of \$1,400.00 voluntary reduction) interim compensation and \$15,645.77 expense reimbursement for the period from April 16, 1998 through May 31, 1998. At a hearing held August 28, 1998, the Court approved the first interim application of ESBA in full.

IV

On October 8, 1998, ESBA filed its Second Interim Application for Compensation and Reimbursement of Expenses seeking allowance and payment of \$142,640.50 interim compensation and \$19,034.38 expense reimbursement for the period from June 1, 1998 through August 31, 1998. At a hearing held November 5, 1998, the Court approved the second interim application of ESBA in full.

V

On December 21, 1998, ESBA filed its Third Interim Application for Compensation and Reimbursement of Expenses seeking allowance and payment of \$11,275.50 interim compensation and \$451.26 expense reimbursement for the period from September 1, 1998 through November 30, 1998. At a hearing held January 25, 1999, the Court approved the third interim application of ESBA in full.

VI

GENERAL DESCRIPTION OF SERVICES PERFORMED

	<u>Comp</u>	<u>Exp</u>
①	113,745.50	15,645.77
②	142,640.50	19,034.38
③	11,275.50	451.26
④	10,753.50	0
	<u>\$ 278,415.00</u>	<u>\$ 35,131.41</u>

As financial consultant for the Official Unsecured Creditors Committee, ESBA has performed extensive consulting services in the areas of bankruptcy and business analysis for the

Committee. Such services required the specific skills of ESBA in the area of financial analysis and the general skills of ESBA in Chapter 11 cases. These services were rendered at the request and direction of the Committee to further the resolution of these cases.

ESBA was selected as financial consultant to the Committee on April 16, 1998. Upon selection ESBA drafted and submitted to the Committee for review and approval an initial work plan that outlined activities consistent with the Committee's verbal direction. The work plan considered activities in the following broad areas: bankruptcy case and company background analysis; cash management; working capital management; intercompany transactions; asset and liability analysis; operating performance analysis; reporting to Committee of findings; analytical and investigatory work as directed by counsel or Committee; participation in Committee meetings; reorganization plan and alternatives analysis. The work plan was distributed to, reviewed and approved by the Committee.

Pegasus Gold Corporation consists of eighteen Debtors and as many as eleven additional non-Debtor entities. During the Subject Period, ESBA prepared analyses of the Debtors' monthly operations and of the assets and liabilities of the liquidating debtors, and performed other services more fully described below. ESBA also participated in Creditor Committee telephonic meetings relating to: confirmation issues; settlements and settlement discussions between and among the parties in interest; and other case issues. At the beginning of ESBA's work effort and at various appropriate times thereafter, ESBA coordinated its work efforts with the Committee's mineral industry consultant, Behre Dolbear & Company, to eliminate the possibility of duplication of effort and to share results to enhance each firm's effectiveness of their representation of the Committee.

A summary of the hours and fees incurred by project is included in Exhibit 2-B. A general list of certain services rendered during the Subject Period is included herein.

General Bankruptcy Consulting:

Participated in meetings, discussions and responded to inquiries with the Committee and counsel to the Committee.

Reviewed various court motions filed, performed analyses as requested and discussed the implications thereof with the Committee and counsel to the Committee.

These activities were useful and necessary for the Creditors and contributed to the progress of the case.

Financial Analysis:

Reviewed and analyzed the intercompany balances of the various Debtors; provided analyses to counsel to the Committee; monitored the intercompany balances of various Debtors; discussed changes in intercompany balances with Debtors.

Reviewed and analyzed revised financial projections as provided by the Debtors and their financial advisors; developed comments on these revised projections for discussion with the Committee.

Reviewed and analyzed actual and projected cash balances of various Debtors; discussed balances with Debtors and counsel to the Committee; monitored cash balances of various Debtors.

Discussed with the liquidating trustee various requests for information; provided requested information to the liquidating trustee.