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U.S. BANKRUPTCY COURT
PATRICIA GRAY, CLERK

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF NEVADA

COVER SHEET: FINAL APPLICATION FOR PROFESSIONAL COMPENSATION

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)
In re:)
)
PEGASUS GOLD CORPORATION, et al.)
)
Debtors)
)
-----)

Chapter 11
Case Nos BK-N-98-30088 GWZ
through BK-N-98-30105 GWZ
Judge Gregg W. Zive

Jointly Administered

HEARING DATE:
MAY 17 1999
HEARING TIME:
10:00 a.m.

Type of Application: Interim ___ Final X

Name of Applicant: Zolfo Cooper, LLC
Authorized to Provide Professional Services to: The Debtors
Date of Order Authorizing Employment: March 26, 1998

Application Date: April 5, 1999
Application Period: January 16, 1998 through and including February 5, 1999

Compensation Sought:

	<u>Hours</u>	<u>Amount</u>
Fees:		
Professional and Paraprofessional	5,188.6	\$ 1,447,894.75
Expense Reimbursement		<u>90,114.08</u>
Total		<u>\$ 1,538,008.83</u>

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<u>Name of Professional</u>	<u>Position With ZC</u>	<u>Years Experience</u>	<u>Hours Billed</u>	<u>Rate</u>	<u>Total</u>
<u>Principals:</u>					
S. Cooper	Principal	27	7.0	\$395.00	2,765.00
M. France	Principal	25	1,011.5	\$395.00	\$399,542.50
Travel Time (1)			49.2	\$197.50	9,717.00
M. France (2)			35.7	\$415.00	14,815.50
Nick Lavin	Principal	32	54.7	\$395.00	21,606.50
<u>Associates:</u>					
K. Golmont	Project Manager	18	1,599.3	\$325.00	519,772.50
Administrative Time Adj. (3)			4.9	(\$162.50)	(796.25)
Travel Time (1)			217.8	\$162.50	35,392.50
K. Golmont (2)			84.7	\$375.00	31,762.50
Travel Time (1)			14.0	\$187.50	2,625.00
G. Lombardo	Project Staff	7	12.4	\$240.00	2,976.00
M. Sakala	Project Staff	10	1,569.4	\$225.00	353,115.00
Administrative Time Adj. (3)			6.3	(\$112.50)	(708.75)
Travel Time (1)			190.4	\$112.50	21,420.00
M. Sakala (2)			96.1	\$250.00	24,025.00
D. Kerrigan	Project Staff	6	2.0	\$215.00	430.00
P. Mennona	Project Staff	1	62.4	\$150.00	9,360.00
J. Sesta	Project Staff	1	72.5	\$150.00	10,875.00
J. Repko	Project Staff	1	9.0	\$75.00	675.00
Total Professional (4)			<u>5,088.1</u>		<u>\$1,459,370.00</u>
<u>Paraprofessionals:</u>					
R. Padgett			25.5	\$75.00	\$1,912.50
R. French			13.0	\$140.00	\$1,820.00
D. Bliss			<u>62.0</u>	\$75.00	<u>\$4,650.00</u>
Total Paraprofessional			<u>100.5</u>		<u>\$8,382.50</u>
Total Fees Requested			<u>5,188.6</u>		<u>\$1,467,752.50</u>
Total Fees Previously Disallowed					<u>(\$19,857.75)</u>
Net Fees Requested					<u>\$1,447,894.75</u>
Average Blended Hourly Rate					<u>279.05</u>

- (1) In accordance with the Hearing and Order respecting The First Application, professional travel time is compensable at one-half of the professional's rate.
- (2) Zolfo Cooper, LLC revises the rates of their professionals effective January 1, of each year.
- (3) In accordance with the Hearing and Order respecting the First Application of Zolfo Cooper, LLC for Allowance of Interim Compensation for Services Rendered as Special Financial Advisors and Bankruptcy Consultants to the Debtors and for Allowance of Expenses under 11 U.S.C. § 330(a) (The First Application), administrative time incurred is to be billed at one-half of the professional's rate.
- (4) The total professional time does not include the 11.2 hours (6.3 + 4.9) of administrative time since this adjustment is a reduction in fees of hours already billed at 100%.

Is this a first application? Yes No

Prior Fee Application Information (Complete if answer to above question is no):

<u>Date Filed</u>	<u>Period Covered</u>	<u>Total Fees and Expenses</u>	
		<u>Requested</u>	<u>Allowed</u>
June 19, 1998	January 16 1998 – May 31, 1998	\$594,974.84	\$579,499.45
October 1, 1998	June 1 1998 – August 31, 1998	447,084.34	437,926.59
December 21, 1998	September 1 1998 – November 30 1998	<u>395,358.66</u>	<u>395,358.66</u>
Totals		<u>\$1,437,417.84</u>	<u>\$1,412,784.70</u>
Aggregate Fees and Expenses Paid to Date:			<u>\$1,412,784.70</u>

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF NEVADA

-----)	Case Nos. BK-N-98-30088 GWZ
)	through BK-N-98-30105 GWZ
In re:)	In Proceedings for a
)	Reorganization Under Chapter
PEGASUS GOLD CORPORATION, et al.)	11 of the Bankruptcy Code
)	
Debtors)	Judge Gregg W. Zive
)	
-----)	Jointly Administered

**FINAL APPLICATION OF ZOLFO COOPER, LLC
FOR ALLOWANCE OF COMPENSATION FOR SERVICES RENDERED
AS SPECIAL FINANCIAL ADVISORS AND BANKRUPTCY CONSULTANTS
TO THE DEBTORS
AND FOR REIMBURSEMENT OF EXPENSES UNDER 11 U.S.C. § 330(a)**

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

1. On January 16, 1998 (the "Filing Date"), Pegasus Gold, Inc. (also referred to herein as "the Company"), the Debtor, and all of its wholly-owned subsidiaries (Collectively, the "Debtors") filed voluntary petitions for reorganization under Chapter 11 of Title 11 of the United States Code, 11 U.S.C. § 101 et seq. (the "Bankruptcy Code"). Since the Filing Date and through the effective date, February 5, 1999, the Debtors have continued to operate their businesses and manage their properties as debtors-in-possession pursuant to Bankruptcy Code §§ 1107(a) and 1108.

2. The Debtors are large, complex enterprises, principally engaged in the mining and exploration of gold and gold related properties, with operations located throughout the United States and Australia. The Debtors required the services of experienced Special Financial Advisors and Bankruptcy Consultants to assist them in restructuring the business and developing, negotiating and confirming plans of reorganization. Because of Zolfo Cooper, LLC's ("ZC" or "Applicant") expertise and experience at a national level in providing reorganization, accounting and a broad range of consulting services to Debtors and other parties in interest in financially complex

troubled situations, the Debtors applied to the Bankruptcy Court to authorize ZC's retention as Special Financial Advisors and Bankruptcy Consultants to the Debtors.

3. The Bankruptcy Court entered an order (the "Retention Order") on March 26, 1998, nunc pro tunc to January 16, 1998, authorizing the retention of ZC to:

- (a) Advise and assist management in organizing the Debtors' resources and activities so as to effectively and efficiently plan, coordinate and manage the Chapter 11 process and communicate with customers, lenders, suppliers, employees, shareholders and other parties in interest;
- (b) Assist the Debtors' management in designing and implementing programs to manage or divest assets, improve operations, reduce costs and restructure as necessary with the objective of rehabilitating the business;
- (c) Advise the Debtors concerning interfacing with Official Committees, other constituencies and their professionals, including the preparation of financial and operating information required by such parties and/or Bankruptcy Court;
- (d) Advise and assist management in the development of a Plan of Reorganization and underlying Business Plan, including the related assumptions and rationale, along with other information to be included in the Disclosure Statement;
- (e) Advise and assist the Debtors in forecasting, planning controlling and other aspects of managing cash, and, if necessary, obtaining DIP financing;
- (f) Advise the Debtors with respect to resolving disputes and otherwise managing the claims process;
- (g) Advise and assist the Debtors in negotiating plans of reorganization with the various creditor and other constituencies;
- (h) As requested, render expert testimony concerning the feasibility of a Plan of Reorganization and other matters that may arise in the case; and
- (i) Provide such other services as may be required by the Debtors.

A copy of the Order Authorizing the Retention of ZC as Special Financial Advisors and Bankruptcy Consultants to the Debtors, along with the related application to the Bankruptcy Court for such retention authority, the supporting Affidavit and supplemental Affidavit of Michael E. France, are attached as Exhibit A. The Retention Order indicated that ZC would apply to the Bankruptcy Court in