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U.S. BANKRUPTCY COURT
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Michael France
Kevin Golmont
Zolfo Cooper, LLC
292 Madison Avenue, Suite 7
New York, NY 10017
Special Financial Advisors
& Bankruptcy Consultants to the Debtors

ENTERED ON DOCKET 7/16/99

UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEVADA

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In re:)
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PEGASUS GOLD CORPORATION, et al.)
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BK-N-98-30088 GWZ
through BK-N-98-30105 GWZ
In Proceeding for a Reorganization
Under Chapter 11 of the
Bankruptcy Code

Hearing Date: May 17, 1999
Hearing Time: 10:00 a.m.
Set by: Linda Duffy

**FINAL ORDER DETERMINING PAYMENT OF COMPENSATION
AND REIMBURSEMENT OF EXPENSES AS TO
ZOLFO COOPER, LLC, SPECIAL FINANCIAL ADVISORS
AND BANKRUPTCY CONSULTANTS TO DEBTORS**

On the date set forth above, this Court heard the final fee application (the "Final Application") of Zolfo Cooper, LLC ("ZC"), Special Financial Advisors and Bankruptcy Consultants to the Debtors in the above captioned cases (the "Debtors").

The Court considered the Final Application, the Affidavits hereinafter referred to, ZC's three prior fee applications and related proceeding in respect thereof, the overall outcome of the case and all prior proceedings pertaining to these Debtors, as well as the statements of Michael France, a partner in ZC, and adequate notice of the hearing having been given, and based upon the record described above, the findings and conclusions of the Court are as follows:

1. On January 16, 1998 (the "Petition Date") the Debtors and certain affiliated companies whose cases have since been converted to Chapter 7 filed with the Clerk of this Court their respective petitions for reorganization under Section 301 of chapter 11, Title 11, United States Code (the "Bankruptcy Code").

2. This Court has jurisdiction over the Final Application pursuant to 28 U.S.C. §§ 157 and 1334. Consideration of the Final Application is a core proceeding pursuant to 28 U.S.C. § 157 (b). Venue of this proceeding is proper in this district pursuant to 28 U.S.C. § § 1408 and 1409. The statutory authority for the relief requested herein is Bankruptcy Code section 330(a). The Final Application has been filed in accordance with Federal Rule of Bankruptcy Procedure 2016 and the Guidelines of the Office of the United States Trustee for the District of Nevada.

3. On the Petition Date, the Debtors filed an application to employ ZC as Special Financial Advisors and Bankruptcy Consultants pursuant to Sections 327 and 328 of the Bankruptcy Code ("Retention Application"). The Court granted that application on March 26, 1998, effective as of January 16, 1998. Prior to the date hereof, ZC filed an initial affidavit and two supplemental affidavits of Michael France disclosing matters arguably required by the Federal Rules of Bankruptcy Procedure in respect of ZC's retention ("Affidavits").

4. (a) On August 28, 1998, the Bankruptcy Court conducted an interim fee hearing and entered an order awarding ZC allowance of interim compensation in the amounts requested in ZC's First Application for allowance of interim compensation and out-of-pocket expenses, covering the period January 16, 1998 through and including May 31, 1998. The amounts so awarded were \$543,307.00 in fees and \$36,192.45 for out-of-pocket expenses

(b) On November 5, 1998, the Bankruptcy Court conducted an interim fee hearing and entered an order awarding ZC allowance of interim compensation in the amounts requested in ZC's Second Application for allowance of interim compensation and out-of-pocket

expenses, covering the period June 1, 1998 through and including August 31, 1998. The amounts so awarded were \$416,132.00 in fees and \$21,794.59 for out-of-pocket expenses.

(c) On December 23, 1998, the Bankruptcy Court conducted an interim fee hearing and entered an order awarding ZC allowance of interim compensation in the amounts requested in ZC's Third Application for allowance of interim compensation and out-of-pocket expenses, covering the period September 1, 1998 through and including November 30, 1998. The amounts so awarded were \$377,250.75 in fees and \$18,107.91 for out-of-pocket expenses.

(d) In sum, prior to this Final Application, the Court has awarded ZC \$1,336,689.75 in compensation and \$76,094.95 in reimbursement of expenses. As a result of compliance with the guidelines established by the United States Trustee's office or this Court or in the exercise of its own billing discretion, ZC has written off \$24,633.14, or 2% of its total fees and reimbursement of expenses requested in prior Applications.

5. In its Final Application, ZC is seeking (1) allowance and payment of fees in the amount of \$113,500.00 and reimbursement of actual and necessary expenses in the amount of \$11,724.13 for the period from December 1, 1998 through March 31, 1999 (the "Interim Application Period"), and (2) a final award of all compensation and expenses previously awarded on an interim basis during the case.

6. The professional fees awarded to ZC as set forth below is reasonable within the meaning of 11 U.S.C. § 330(a).

7. The expenses incurred by ZC for which reimbursement is approved below were actual and necessary within the meaning of 11 U.S.C. § 330(a).

1,450,189.75
87,819.08

NOW, THEREFORE, IT IS HEREBY ORDERED THAT:

A. This Court hereby awards ZC, on a final basis for the Interim Application Period, (a) fees in the amount of \$113,500.00 and (b) reimbursement of actual and necessary expenses in the amount of \$11,724.13.

B. This Court hereby awards ZC, on a final basis with respect to the first, second, and third Applications (a) fees in the aggregate amount of \$1,336,689.75 and (b) reimbursement of expenses in the aggregate amount of \$76,094.95.

C. This Court hereby authorizes and directs the PGC Liquidating Trust to pay ZC \$73,912.16, constituting the sum of all unpaid fees and expenses awarded by this Court for the Interim Application Period and prior application periods of \$125,224.13, less the retainer held as of the Petition Date of \$51,311.97.

Dated: July ¹⁵ 12, 1999


UNITED STATES BANKRUPTCY JUDGE

SUBMITTED BY:

Zolfo Cooper, LLC

By: 

Michael E. France
292 Madison Avenue
New York, NY 10017