
Guayacán Port

C O N T E N T S

DIRECTORS AND EXECUTIVES

BOARD OF DIRECTORS

Chairman of the board:
JAIME ARBILDUA
Civil Engineer
R.UT.:4.299066-K

Vice-Chairman:
EDUARDO FREI
Lawyer
R.U.T.:4.883.266-0

Directors:
GUILLERMO ALDONEY
Vice-Admiral (R)
R.U.T.:1.915.999-K

ANDRES BUSTOS
Commercial Engineer
R.U.T.:4.710.888-8

JAIME CHARLES
Economist
R.U.T.:5.812.044-8

EXECUTIVES

President:
SERGIO VERDUGO
Industrial Civil Engineer
R.U.T.:5.316.689-K

Vice-President, Finance & Administration:
STUARDO ERAZO
Commercial Engineer
R.U.T.:5.280.773-5

Vice-President, Legal Services:
RICARDO ROZAS
Lawyer
R.U.T.:4.529.968-6

Vice-President, Technical:
ERICK WEBER
Chemical Civil Engineer
R.U.T.6.708.980-4

Vice-President, Commercial:
ARTURO WENZEL
Commercial Engineer
R.U.T.:7.375.668-K

Administrator, El Romeral Mines:
VASCO LARRAECHEA
Engineer
R.U.T.:5.54615

Administrator, Huasco Valley:
DANIEL PAREDES
Mechanic Civil Engineer
R.U.T.:5.807.323-7

LETTER FROM THE CHAIRMAN OF THE BOARD

To our Shareholders,

On behalf of the board of directors, I am pleased to present you with the twenty-first Annual Report and Financial Statements for the year 2002.

During the first months of the year, and continuing the trend seen in late 2001, the international iron ore market weakened, leading to an accumulation of inventories and delays in planned sales. Reflecting this, the annual price negotiations, which took place later than usual, resulted in significant reductions compared to the previous year. The Company's strategy in this scenario became focused on reducing inventories to a minimum, programming collective personnel vacations at all its works and optimizing the profitability of its products with spot sales to non-traditional customers. It should be mentioned that one million 541 thousand long tons of CMP products were exported to China, therefore consolidating the Company's presence in this fast-growing market with a very promising growth potential.

Production at the Mine and Pellets Plant therefore was a million 413 thousand long tons less than in 2001. Pellets Plant production, adjusted to demand per product and inventory levels, was down 2.6 % on the previous year; basic and self-fluxing pellet production fell by 5.7% and 31.1% respectively. Part of this reduction was offset by increases in the production of pellet chips (up 14.2%) and magnetic fines (up 171.3%). Production at El Romeral Mines, in accordance with their mining works plan and the development work on the west wall of the seam, was 39.2% below that of 2001. Production of fines, lumps and pellet feed declined by 76.2 %, 45.2% and 1.3 % respectively.

Exploration work continued during the year for developing mining actiivities that optimize the use of our installed capacity and developing new projects. Work was intensified in the area of influence of El Romeral Mines and systematic evaluations continued at the Company's mining property.

The Company's a net income reached 10 million 31 thousand dollars in 2002, enabling it to reduce its debt with the parent company by 3 million 767 thousand dollars and to leave it with a net balance in its favor of 3 million 718 thousand dollars. The financial results were possible thanks to the personnel's efforts to optimize the use of resources, to maintain good relations with our customers and to continue with an effective cost reduction and control policy.

The subsidiary and associate companies continued developing their businesses normally, particularly their efforts to improve productivity and results.

As in previous years, good relations with union leaders and workers have been constant. In March 2002, the negotiation ahead of schedule of the collective work agreement of the Huasco Valley workers resulted in a new two-year agreement taking effect in October 2002.

Shareholders will find in this Annual Report and Financial Statements full information about the Company's situation in 2002 and the management's performance.

Lastly, the board I preside wishes to express its gratitude to all those who, with dedication and effort, have produced the above results, with special mention of the Company's personnel.

Jaime Arbildua
Chairman of the Board

HISTORICAL SUMMARY

Compañía Minera del Pacífico S.A. was set up in 1981 following a new organic restructuring of Compañía de Acero del Pacífico S.A., today CAP S.A., converting the latter into an investment company and placing its production and service activities in subsidiary companies with operating independence and management responsibility.

Compañía Minera del Pacífico S.A., CMP, is the owner and operator of the mining deposits that belonged to CAP S.A.

These deposits comprise; "El Algarrobo", bought by CAP S.A. in 1959 from the Dutch firm Mijnen N.V.; "El Romeral", bought in 1971 from Bethlehem Iron Mines Co., and other iron deposits located in the country's Second, Third and Fourth Regions.

Compañía Minera del Pacífico S.A. was constituted as an independent company under a public deed containing the by-laws, signed before Santiago's Notary Félix Jara, in substitution of Eduardo González, on December 15, 1981.

An extract of that document was registered in the La Serena Trade Register on December 16, 1981, in folio 294 Nº 145, and published in the Official Gazette of December 21, 1981.

CAPITAL, SHARES AND OWNERSHIP

The share capital, as agreed by the shareholders on September 30, 1994, amounts to US$ 214,813,815.70 divided into 3,521,126 shares of no par value, and held by the following shareholders:

Shareholder	R.U.T	Nº of shares	Percentage
CAP S.A.	91.297.000-0	3,521,108	99.9994888
Guillermo Bruna	4.138.881-1	5	0.0001420
Carlos Ruiz de Gamboa	1.312.404-3	5	0.0001420
José Villalba	4.098.289-2	4	0.0001136
Jorge Zalaquett	4.339.108-9	4	0.0001136

The paid-in capital at December 31, 2001 amounted to US$ 214,813,815.70

CORPORATE OBJECTIVES

The main objectives of the company are:

To evaluate, develop and exploit mining deposits, process and sell its products; develop complementary, derivative, secondary and supply businesses in raw materials, inputs or services, or those related directly or indirectly to these objects; offer geological and mining research, engineering, mechanical and industrial maintenance, construction and earth-moving services; create and form companies for carrying out any of these objects.

SUBSIDIARIES AND ASSOCIATES

- **Pacific Ores and Trading N.V. :**

A foreign company established in Willemstad, Curaçao, Netherdlands Antilles.

Its main object is to act as a sales agent for CMP. Its paid-in capital is US$11,173 held entirely by CMP.

The Board of Directors consists of Sergio Verdugo (Chairman), Stuardo Erazo and Ricardo Rozas. Its President is Mr. Adrianus Maas, who is a resident of Willemstad, Curaçao.

This subsidiary holds 100% of the shares in the Dutch company Pacific Ores and Trading B.V.

- **Sociedad de Ingeniería y Movimientos de Tierra del Pacífico Ltda. (IMOPAC Ltda.):**

Founded by public deed of February 3, 1988 before La Serena Notary Carlos Medina.

Its main objects are to exploit its own or third party mining deposits; carry out all kinds of engineering and earth-moving work, provide engineering, geological and mining project studies for itself or third parties; and provide consultancy services in the matters mentioned or any other related activity, in the domestic market or abroad. Its paid capital is Ch$ 2,457,468,596.

This company was merged with Empresa de Ingeniería y Movimientos de Tierra Marte Ltda. (EMAR LTDA.) on March 15, 1992, maintaining the name of IMOPAC LTDA. Ownership is in the hands of Compañía Minera del Pacífico S.A. (99.8775%) and Manganesos Atacama S.A. (0.1225%).

The Board of Administration of this firm is composed of Ricardo Rozas (Chairman), Stuardo Erazo and Erick Weber. Its President is Eugenio Espinosa.

- **Compañía Distribuidora de Petróleos del Pacífico Ltda. (PETROPAC Ltda.):**

Founded under public deed on August 24, 1989 before La Serena Notary Carlos Medina.

Its main object is trading activities related to oil and fuels, especially the trading, import, export, distribution and supply of all kinds of oils, fuels and their by-products. Also the representation of Chilean and foreign companies in related fields.

Its paid-in capital is Ch$ 15,058,800, held by Compañía Minera del Pacífico S.A. (99%) and IMOPAC LTDA. (1%).

The Board of Administration is composed of Arturo Wenzel (Executive Chairman), Stuardo Erazo and Daniel Paredes.

- **Compañía Minera Huasco S.A. (CMH S.A.):**

Formed under public deed of November 29, 1995 before the Vallenar Notary Hernán Zúñiga.

Its main object is to study, develop and exploit mining deposits and process and trade its products and by-products.

The paid capital amounts to US$21,000,000 and is held 50% by Compañía Minera del Pacífico S.A. and 50% by MC Inversiones Limitada.

At December 31, 2002 the Board of Directors comprised Jun Kinukawa (Chairman), Kenjiro Fujimoto and Keisuke Hoshino on behalf of MC Inversiones, Sergio Verdugo (Vicechairman), Erick Weber and Arturo Wenzel on behalf of CMP. The president is Eduardo Valdivia.

- **Compañía Minera La Jaula (CMLJ):**

Constituted under public deed dated January 23, 1996 before the Vallenar Notary Hernán Zúñiga.

Its main objects are the prospection, exploration and exploitation of its own mining concessions, and the study, exploration, prospection, development, extraction, exploitation, production and trading of Minerals of any kind obtained from the exploitation of its mining deposits.

The paid-in capital of this company is US$11,000,000 held 50% by Compañía Minera del Pacífico S.A. and 50% by MC Inversiones Limitada.

At December 31, 2001 the Board of Directors was composed of Jun Kinukawa (Chairman), Kenjiro Fujimoto and Akihiro Watanabe on behalf of MC Inversiones Limitada, and Sergio Verdugo (Vice-Chairman) Erick Weber and Arturo Wenzel on behalf of CMP. The president is Ricardo Rozas.

- **Compañía Minera Carmen de Andacollo (CDA):**

Its main objects are to study, develop and exploit mining deposits and process and trade its products and by-products.

The paid-in capital amounts to US$ 24,314,338 and is held by Minera Canada Tungsten Chile Ltda. (59%), Canada Tungsten Cayman Inc. (4%), Compañía Minera del Pacífico S.A. (27%) and ENAMI (10%).

The Board of Directors comprises James W. Gill (Chairman), Howard R. Stockford, Peter McCarter and Juan Yrrázaval on behalf of Minera Canada Tungsten Chile Ltda. and Canada Tungsten Cayman Inc., Jaime Charles and Sergio Verdugo on behalf of Compañía Minera del Pacífico S.A., and Fernando Riveri on behalf of ENAMI. and the President is Mr. David Brace.

- **Abastecimientos CAP S.A. (ABCAP S.A.):**

Its main object is to provide procurement and others services to companies beunging to the CAP Group, but it may also attend to third parties and carry on business for its own account.

Its paid-in capital amounts to US$3,500,000, and is held by Compañía Minera del Pacífico S.A. and Compañía Siderúrgica Huachipato S.A., each with 25%, and CAP S.A. with the remaining 50%.

The Board of Directors is composed of Gonzalo Rojas (Chairman), René Camposano (Vice-President) and Marcelo Chacón. The president is Victor Díaz

PROPERTIES AND REAL ESTATE

Compañía Minera del Pacífico S.A. owns mining and maritime concessions, industrial and port facilities, fixed and mobile equipment, land and buildings. It also owns water distribution, concessions and rights of way necessary for its business.

The main properties can be grouped as follows:

1. Mining properties being exploited :

El Algarrobo: located in the 3rd Region, this mine supplies iron preconcentrates to the Huasco Pellets Plant. Its reserves amount to 10.7 million of metric tons with an average iron content of 51.99% and a cut-off grade of 30% magnetic iron.

El Romeral: located in the 4th Region, this mine supplies fines, lumps and pellets feed to the domestic and foreign markets. Its proven reserves amount to 29 million tons with an average iron content of 46.67% and a cut-off grade of 30% magnetic iron.

2. Other iron-based deposits:

El Tofo : located in the 4th Region and with reserves amounting to 1 million tons with an average iron content of 45.0%.

Los Colorados District: so-called due to its proximity to Los Colorados Mine, with reserves amounting to 73 million tons. it includes the Chañar Quemado, Sositas and Coquimbana prospects.

Algarrobo District: so-called due to its relative proximity to El Algarrobo Mine and comprising various low yield and low magnetic ore-bodies totaling an estimated 130 million tons of resources. Included in this group are Alcaparra D, Charaña, Algarrobo East, Ojos de Agua and Domeyko II.

El Romeral Low Yield: deposit adjoining the high-yield ore-body of El Romeral Mine, with estimated resources of 152 million tons.

Cerro Negro Norte: a vetiform deposit appearing on the surface over 1,500 meters and a potencial of 200 meters, located 60 km. to the north of Copiapó. it has magnetic resources of 200 million tons and non-magnetic resources of 39 million tons.

Pleito-Cristales District: relates to a series of deposits of intense oxidation and low yield, with some areas of high magnetic yielding vetiform structures, and having 145 million tons of total resources.

El Laco: located in the 2nd Region, prepared for producing lumps and fines and with estimated reserves of 224 million tons.

3. Industrial Facilities:

Huasco Valley (3rd Region) and II Region

- "El Algarrobito" dry magnetic Crushing and Concentration Plant with a processing capacity of 1.2 million tons of ore annually.
- "Los Colorados" dry magnetic Crushing and Concentration Plant with a processing capacity of 1.5 million tons of ore annually.
- Huasco wet magnetic Crushing and Concentration Plant with a processing capacity of 5.4 million tons of ore annually.
- Pellets Plant with a current capacity for producing 4.5 million metric tons of pellets and other iron products annually.
- "El Laco" Crushing and Sifting Plant with a capacity for processing 50,000 tons monthly.

Elqui Valley (4th Region)

- El Romeral wet magnetic Crushing and Concentration Plant with a processing capacity of 4 million tons of concentrates annually.
- El Romeral wet magnetic Grinding and Concentration Plant with a processing capacity of 1.2 million tons of pellets feed annually.

4. Port Facilities:

Guacolda II mechanized port: installations for attending ships of up to 315 meters length, 22 meters draught and 55 meters beam.

Guayacán mechanized port: installations for attending ships of up to 315 meters length, 16.2 meters draught and 50 meters beam.

5. Railways:

- 86 km. of railway between El Algarrobo Mines and the Huasco Pellets Plant.
- 14 km. of railway between Los Colorados Mines and Km.765 of the FERRONOR (Llano La Jaula section) northern railway.
- 38 km. of railway between El Romeral Mines and the Guayacán mechanized port.
- Locomotives, sidings, equipment and railway infrastructure for transporting the Company's products.

6. Equipment:

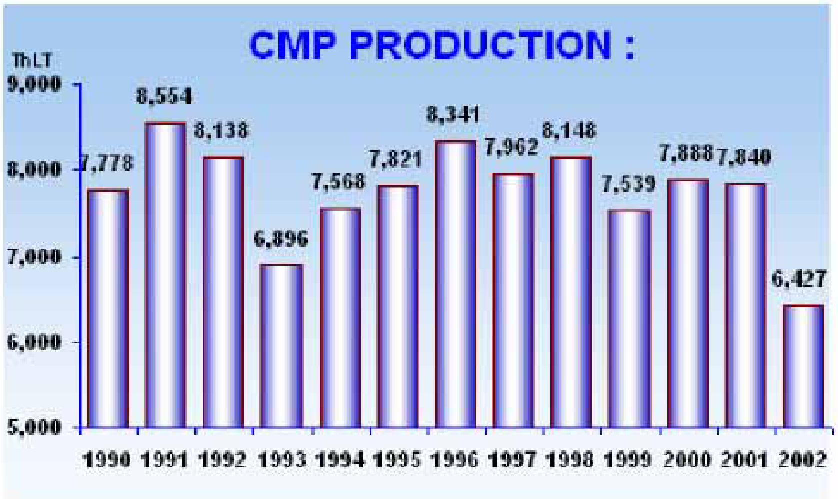
Rotary and percussion drillings, shovels and cranes, levelers, loaders, bulldozers, heavy trucks, transporting, heaping and recovery machinery, locomotives, railway tip wagons, light vehicles for carrying cargo and people, machines, tools, generating units, compressors and others.

Railway, El Romeral mine

ACTIVITIES AND BUSINESS

PRODUCTION :

CMP's production in 2002 was 6,427,000 long tons, of which 4,348,000 came from the Huasco Valley and 2,051,000 from the Elqui Valley.



In 2002, overall production was 18% lower than in 2001, i.e. a decrease of 1,413,000 long tons. This is the result of 116,000 long tons of reduced production from the Huasco Valley and 1,325,000 long tons of reduced production from the Elqui Valley. Otherwise, the Company purchased 28,000 long tons from Compañía Siderúrgica Huachipato S.A.

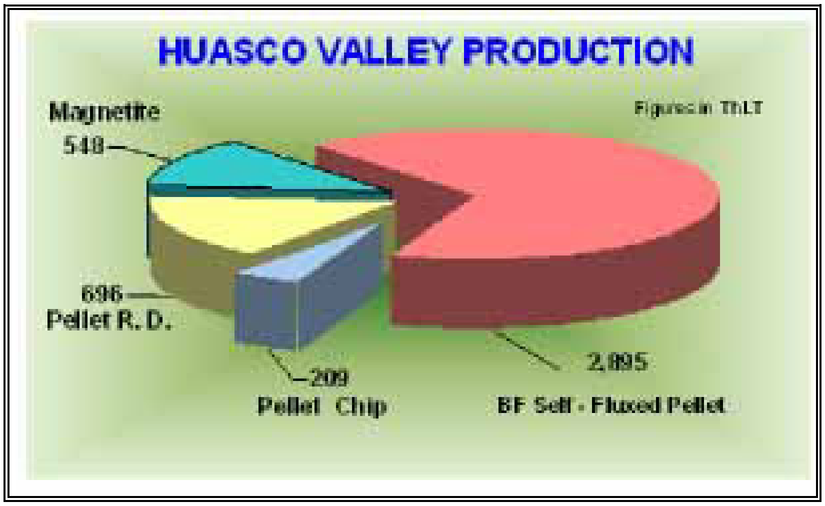
The following chart shows comparative production figures:

			VARIATION	
	2002	**2001**	**ThLT**	**%**
TOTAL CMP	**6,427**	**7.840**	**(1,413)**	**(18.0)**
HUASCO VALLEY	**4,348**	**4,464**	**(116)**	**(2.6)**
Basic Pellet	2,895	3,069	(174)	(5.7)
Direct Reduction Pellet	696	1,010	(314)	(31.1)
Magnetite	548	202	346	171.3
Pellets Chip	209	183	26	14.2
ELQUI VALLEY	**2,051**	**3,376**	**(1,325)**	**(39.2)**
Lumps	606	1,106	(500)	(45.2)
Fines	253	1,062	(809)	(76.2)
Pellet Feed	1,192	1,208	(16)	(1.3)
CSH PURCHASE	**28**	**-----**	**28**	**100.0**

The situation by facility was as follows:

HUASCO VALLEY: PELLETS PLANT, EL ALGARROBO MINES AND GUACOLDA II PORT

The Huasco Valley Pellets Plant in 2002 operated the equivalent of 300.28 effective days and achieved an overall production of 4,348,000 long tons. This included: 2.895,000 long tons of BF pellet, 696,000 long tons of direct-reduction pellet, 209,000 long tons of pellets chips and 548,000 long tons of magnetite.



The reduced production was due to the Company's policy of adapting to demand and its level of inventories, which led it to grant collective vacations to its personnel. The average hourly production rate was 506.3 metric tons.

Regarding operations, the pre-concentrate feed to the Pellets Plant was 5,234,000 long tons. Los Colorados. Crushed concentrates production was 4,197,000 long tons.

Pellets Plant Main access, Huasco

The Company maintained its contract with IMOPAC Ltda. to exploit the El Algarrobo Mines. This subsidiary company processed the Minerals at the El Algarrobito Crushing Plant and Concentrator, owned by CMP. Production for the period was 506,000 long tons of pre-concentrates. For this, 1,926,000 long tons of material had to be removed.

The railway between the El Algarrobo Mines and the Pellets Plant operated by FERRONOR transported 628,000 long tons of pre-concentrates.

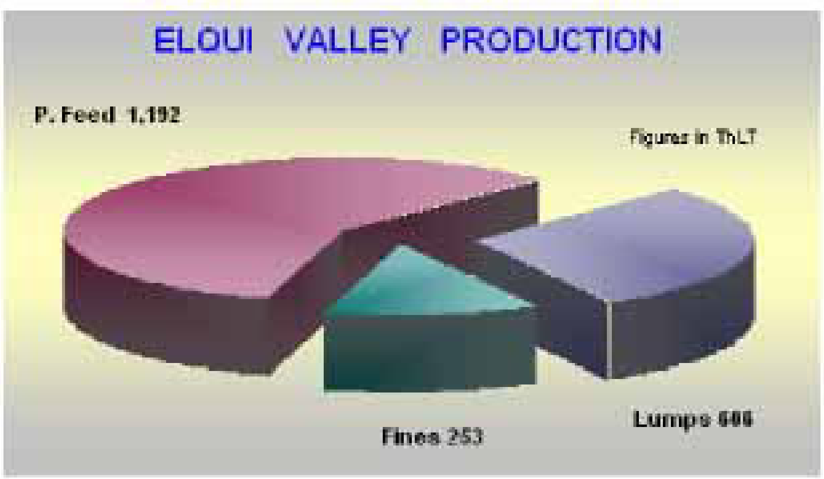
Guacolda II port attended 68 ships of which 45 sailed to foreign ports and 23 to Compañía Siderúrgica Huachipato S.A.

ELQUI VALLEY: EL ROMERAL MINES AND GUAYACAN PORT

Pellet Feed Plant, El Romeral Mines

Elqui Valley it total production in 2002 was 2,051,000 long tons of which 606,000 LT were lumps, 253,000 LT fines and 1,192,000 LT pellet feed.

El Romeral Mines production involved the removal of 21,464,000 long tons of material with a waste to mineral ratio of 5.79:1. This permitted a production of 3,357,000 long tons for producing lumps and fines in the concentrator plant and 1,409,000 long tons of feed for the crusher to produce pellet feed.



The railway between the El Romeral Mines and Guayacán port moved 2,066,000 long tons of Mineral. Of this, 613,000 long tons were lumps, 245,000 were fines and 1,208,000 were pellets feed.

Guayacán port attended 46 ships of which 26 sailed to foreign ports and 20 to Compañía Siderúrgica Huachipato S.A.

MARKETING

The weak trend that begun toward the end of 2001 in the international iron and steel markets continued in the early months of 2002, causing an accumulation of inventories and delays in planned shipments.

The annual price negotiations carried on in this scenario concluded in midyear, later than usual and ended with significant reductions compared to those prices agreed in 2001.

The Company's commercial strategy therewere became focused on reducing product inventories to the minimum. All the workers granted their personnel collective vacations and adopted measures for optimizing the profitability of their product lines with sales to non-traditional customers without overlooking its traditional customer spot commitments.

It is worth commenting that one million 541 thousand long tons of CMP products were exported to China, thus consolidating the company's presence in a fast-growing market and one with quite an interesting growth potential.

Despite the above, total sales increased by 2.7% over cargoel shipped during 2001.

In 2002, CMP's total sales volume was 7,493,000 long tons, representing an increase of 199,000 long tons, compared to 2001.

Export sales amounted to 2,294,000 long tons and domestic sales to 5,199,000 long tons.

Exports therefore represented 31% of total sales and sales to the domestic market accounted for the remaining 69%. The latter includes sales to CMH S.A. of which 82.0% is finally exported.

The following table compares 2002 and 2001 sales:

			VARIATION	
	2002	2001	ThLT	%
TOTAL CMP	**7,493**	**7,294**	**199**	**2.7**
HUASCO VALLEY	**5,140**	**3,791**	**1,349**	**26.2**
Exports	629	172	457	72.7
Domestic	4,511	3,619	892	19.8
ELQUI VALLEY	**2,325**	**3,503**	**(1,178)**	**(50.7)**
Exports	1,637	2,670	(1,033)	(63.1)
Domestic	688	833	(145)	(21.1)
PURCHASE/SALE	**28**	**---**	**28**	**100.0**
Exports	28	---	28	100.0

As mentioned in the Annual Report for 1998, as from July 1, 1998, all the Huasco Valley production is sold to CMH S.A. In fact, CMP sold 4,511,000 long tons to Compañia Minera Huasco S.A., of which 792,000 tonnes were then sold to Compañía Siderúrgica Huachipato S.A.

The final destination of CMP's products in 2002 was to 9 different markets:

Chile, with Compañía Siderúrgica Huachipato S.A.; Japan, with NKK Corporation, Sumitomo Metal Industries Ltd, Nippon Steel Corporation, Kobe Steel Corporation, and Nisshin Steel Co. Ltd.; Korea, with Posco; Indonesia, with PT Krakatau Steel; USA, with Koch Carbon Inc.; Malaysia, with Perwaja Steel; China, with the custumers, Jinan Steel International Trade Company Ltd., Hangzhou Hanggan & Steel Goup Co., Jiangxi Xinyu General Iron & Steel Works, Nanchan Iron & Steel Group Co., Nomura Trading Co. Ltd., Xhanxi Changzhi Iron Steel Co. Ltd. and Zhang Dian Iron & Steel Works; Australia, with Koch Carbon Inc. and Perú, with Compañía Siderúrgica del Perú (Siderperú).

The following table compares final-market shares for 2002, 2001 and 2000:

Market Participation	2002	2001	2000
Chile	19.7%	18.9%	20.6%
Japan	31.2%	40.0%	46.0%
Korea	12.6%	14.7%	12.9%
Indonesia	7.6%	5.8%	9.2%
United Estates of America	4.2%	10.1%	1.6%
Germany	----	---	---
Malaysia	3.4%	5.6%	6.9%
China	20.6%	4.4%	---
Peru	0.2%	---	---
Australia	0.5%	0.5%	0.5%
Bahrain	---	---	2.3%

Regarding the product range, BF pellet continued to be the leading product. Followed in volume terms by pellet feed, direct reduction pellet and lumps, these four products concentrating 93% of demand. Fifth place is filled by sales of fines and the last by pellet chip.

Market Demand	2002	2001	2000
BF Pellet	46.60%	35.28%	37.20%
Fines	4.75%	16.96%	17.40%
Pellet Feed	25.53%	18.26%	15.30%
Direct reduction Pellets	11.00%	11.41%	16.10%
Lumps	9.52%	15.15%	13.10%
Pellet Chips	2.60%	2.94%	0.90%

OTHER OPERATING ACTIVITIES

The Company has continued to carry out different activities through its subsidiaries and its associate companies.

IMOPAC LTDA. carried out the following:

- IMOPAC continued to work in Chile's 3rd Region in 2002 at the El Algarrobo Mines and the Pellets Plant. It produced 506,000 long tons of pre-concentrates at El Algarrobo Mines and carried out materials loading and transportation work at the Pellets Plant.

- IMOPAC continued to move material at El Romeral Mines.

- Byside, IMOPAC started mining works on Guarello Island, owned by Compañía Siderúrgica Huachipato S.A.

- Geological and sounding work, support services and guard services were also provided for CMP's works.

The subsidiary **PETROPAC LTDA.** carried out the following:

- It sold 45,665 tonnes of residual oil, a 45% increase compared to the previous year. At the same time, it sold 1,208 m^3. of diesel, an increase of 99% compared to 2001.

  All the fuels traded were purchased from domestic refineries.

- Sales of oils to related companies represented 10% of total sales.

- PETROPAC has stayed as the main inland supplier of residual fuel in the 3rd Region. As a supplier of ship bunkers, it offers a fast and safe fuel supply for all the ship movement through Guacolda II port and those plying the coast.

The following were some of the activities of the associate company **CMH S.A.**:

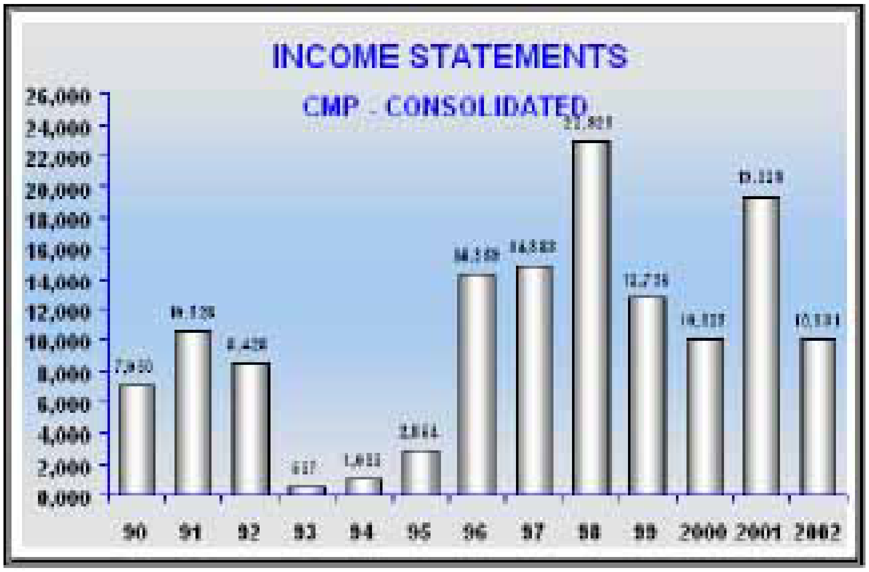
- CMP continued providing technical, financial, management and commercial assistance under a management agreement signed between the companies in January 1996.

- Compañía Minera Huasco S.A. began operations on July 1, 1998. Since then, CMP S.A. buys all its iron-ore pre-concentrates from that company and sells it back its pellets production.

FINANCIAL ACTIVITIES

CMP S.A. produced an operating income in 2002 of 8,676,000 dollars, 9,069,000 dollars less than in 2001.

The net income was 10,031,000 dollars, which represent a decrease of 48% compared to 2001.



The Company paid interest of 229 thousand dollars on its debt with CAP S.A.

The Company generated a positive cash flow from operating activities in 2002 of 43,505,000 dollars, which, after deducting net funds from financing and investment activities, produced a net negative cash flow for the year of 544 thousand dollars. This, added to the opening balance of cash and cash equivalents of 1,528,000 dollars, resulted in a closing balance of 984,000 dollars.

This produced a current ratio of 1.35 at December 31, 2002, compared to 1.80 at the end of 2001.

The cash flow generated in 2002 enabled CMP to reduce its debt with the parent company by 3 million 767 thousand dollars, pay a dividend for a total of 27 million dollars of which 13 million 530 thousand dollars corresponded to 70% of the net income for 2001 and 13 million 470 thousand dollars to retained earnings. At the end of the year, CMP had a net balance in its favor with the parent of 3 million dollars. The results obtained, dividends paid and the debt reduction reflect the effects of the costs control and reduction policy that the company has continued to follow in recent years.

EBITDA for 2002 was 29,196,000 dollars, 11,288,000 dollars less than in 2001

DIVIDEND POLICY:

The Company's dividend policy, applied consistently in recent years, is to distribute 70% of the net income for each year and to pay interim dividends whenever the board shall decide. The results of this policy are shown below:

	2002	2001	2000
PRIOR YEAR'S INCOME 100%	19,328	10,025	12,736
To Reserves and To Retained Earnings:	30.0%	30.0%	30.0%
PERCENTAGE DISTRIBUTED AS DIVIDENDS	70.0%	70.0%	70.0%
EQUIVALENT IN ThU$	13,530	7,018	8,915
EXTRAORDINARY DIVIDEND FROM RETAINED EARNINGS	13,470	10,982	---
TOTAL DIVIDEND PAID IN ThU$	27,000	18,000	8,915
DIVIDEND PER SHARE (ThMU$/share)	7.67	5.11	2.53

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HUMAN RESOURCES

NUMBER OF PERSONNEL:

At December 31, 2002, the Company's total personnel numbered 1,061 persons, 83 fewer than in 2001.

	2002	2001	Difference
Total	**1,061**	**1.144**	**(83)**
Executives	96	98	(2)
Personnel	965	1.046	(81)

LABOR RELATIONS

The Company's relations with its workers, represented by their union leaders, were characterized by a high degree of communication and cooperation. The unions were in constant contact with management, line executives and Human Resources Management.

Collective bargaining sessions were held in advance in February 2002 between the Company's management and the Huasco Valley's labor union. These resulted in a Company proposal which was accepted by 69.7% of those voting. The collective agreement covers the period October 1, 2002 to September 30, 2004.

The leaders of the Pellets Plant No.2 Union and the Vallenar administrative offices were renewed.

WELFARE :

CMP, in line with its constant policy for improving the quality of life for its workers and their families, is continuously organizing activities within this important objective.

Loans were granted during the year for the acquisition, maintenance and repair of homes. 89.3% of CMP's personnel now have their own homes. Work continued during 2002 in the maintenance of offices, canteens and work services. Recreational sporting activities were also encouraged. Work health treatment continued to be offered to workers and curative medical facilities were provided to their families.

TRAINING AND DEVELOPMENT:

Work training activities were basically directed to contributing to the Company's objectives, providing the support elements necessary for optimizing employee performance.

In 2002, training was focused on up-dating work procedures and the preparation of job descriptions with the direct involvement of middle management, to promote positive attitudes of commitment, responsibility and linkage to the Company's objectives for continuous improvement. The criteria were also maintained for operating equipment, basically front loaders.

During 2002, training covered a total of 249 programs with 825 participants, totaling 131,511 man/hours of technical training.

ACCIDENT PREVENTION

Accident prevention activities continued to be focused on achieving lower work accident rates and a proper loss control.

SUSTAINABLE DEVELOPMENT AND ENVIRONMENT

The environment management program of Compañía Minera del Pacífico S.A. is based on guidelines given by the parent company (CAP S.A.) in its corporate environmental management policies.

CMP's mission states that its activities should be carried out "under sustainable development principles". Environmental protection activities therefore include the programming of specific tasks with the assignment of resources, follow up and compliance with objectives for reaching global targets.

The Company has an Environmental Management System for meeting this policy, in line with the ISO-14.000 standards, which makes operative the principles set out in the Environmental Policy.

During 2002, CMP S.A. continued with several environmental management activities at each of its works, complying with the plans and programs defined for the period and giving preference to those that are subject to legal environmental regulations and/or are strategic to the Company.

- February 1°, the marine authority authorizes the execution of the works of the project " Change the Point of Discharge of the Emissary Chapaco " of the Pellet Plant

- On March 7, the Chapaco Discharge Pipe Effluents Monitoring plan was handed to the Caldera Maritime Authority in compliance with Supreme Decree No.90 of 2001 of the Secretary General of the President of the Republic concerning discharges of liquid residues into the sea.

- Between June 5 and 7, as part of the celebration of the Global Environment Day, organized by the 3rd Region CONAMA, CMP took part in the Environmental Exhibition set up at the main square of Copiapó.

- On June 20, the on-site environmental audit of Los Colorados mines and the Los Colorados-Pellets Plant railway was carried out. The audit was carried out by the internal auditors of CMP at the request of the management of CMH S.A.

- The Environmental Report 2001 was issued in mid August by Compañia Minera del Pacífico. This summarizes and reports on all the company's environmental activities during that year.

- Between September 2 and 4, an on-site audit was carried out of the environmental management system at Guayacán Port, as established in ISO Standards 14.010 and 14.011. The audit was carried out by CMP's internal auditors.

- Between September 4 and 6, a CMP internal auditors training course was held at the Huasco Pellets Plant. This involved 27 company employees from El Romeral Mines and the Pellets Plant and formed part of training activities planned in support of the ISO 14.001 implementation process.

- On October 22, as part of the environmental approval of the Technological Improvement Project for Iron Concentrates Production, the Technical commission of the 3rd Region CONAMA visited the installations of the Pellets Plant to checkcompliance with the environmental commitments related to the Project Environmental Impact Declaration.

Plot "Los Olivos de Bellavista"

- On November 29, the results were received of the air qualirty measurements taken by a specialist firm in the town of Huasco in September and October 2002. These indicated compliance with primary air quality standard in the area.

- On December 17, a monitoring report was issued on the physical-chemical quality of ballast water from ships calling at Guayacán port. The monitoring was carried out by the Catholic University of the North over a 10-month period and classified the waters collected as “clean ballast”.

TOP MANAGEMENT

SHAREHOLDERS' MEETINGS:

The Company’s ordinary shareholders’ meeting was held on April 15, 2002 which adopted the following resolutions:

1) The annual report and financial statements for the year 2001 were approved.

2) The election of the board of directors of the Company for a period of three years, these being Jaime Arbildua Aramburu, Guillermo Aldoney Hansen, Andrés Bustos Moretti, Jaime Charles Coddou and Eduardo Frei Bolívar.

3) The dividend policy was agreed where by 70% of annual net income would be distributed to shareholders plus, for this year only, the distribution of part of the retained earnings. It was also agreed to pay interim dividends during 2002 whenever the board decides.

4) Deloitte & Touche was appointed as the Company’s external audiors

5) The directors’ remuneration was approved.

Extraordinary Shareholders’ Meetings:

An extraordinary shareholders’ meeting was held on May 29, 2001 to authorize CMP to grant its guarantee for the bond issue by CAP S.A.

An extraordinary shareholders’ meeting of the Company was held on August 14 which authorized the company to grant its joint and several guiarantee for the obligations of CAP S.A. under loan agreements with international and local banks or financial institutions.

BOARD ACTIVITIES:

There were 16 board meetings during 2002.

DIRECTORS' REMUNERATION:

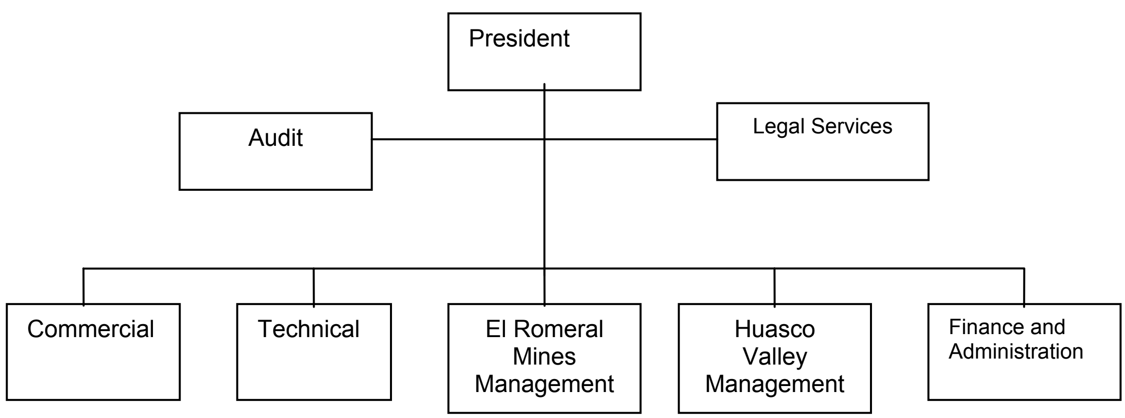
The detail of remuneration paid to the company's directors is as follows:

	2002	2001
Attendance fees (ThUS$)	9	11

MANAGEMENT REMUNERATION:

This paid by the parent company CAP S.A.

MANAGEMENT:



DECLARATION OF RESPONSIBILITY

In accordance with General Regulation 129 of the Chilean Superintendency of Securities and Insurance, all the Company's directors and its president swear to being responsible for the truth of the information contained in this annual report.

Jaime Arbildua
Chairman of the Board

Eduardo Frei
Vice-Chairman

Guillermo Aldonei
Director

Andrés Bustos
Director

Jaime Charles
Director

Sergio Verdugo
President

FINANCIAL STATEMENTS

Deloitte
&Touche

INDEPENDENT AUDITORS REPORT

To the Shareholders of
Compañía Minera del Pacífico S.A.

We have audited the consolidated balance sheets of Compañía Minera del Pacífico S.A. and subsidiaries ("The Group") and the individual balance sheets of Compañía Minera del Pacífico S.A. as of December 31, 2002 and 2001 and the related statements of income and of cash flows for the years then ended. These financial statements (including the related notes) are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Chile. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Company's management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the consolidated financial position of the Group and the financial position of Compañía Minera del Pacífico S.A. as of December 31, 2002 and 2001 and the respective results of their operations and their cash flows for the years then ended, in conformity with accounting principles generally accepted in Chile.

The notes to the accompanying financial statements, have been derived from the notes to the financial statements filed with the Superintendencia de Valores y Seguros, on which we have issued our auditors' report on this same date. The accompanying notes exclude only additional information required by that regulator that is not necessary for an adequate understanding of the financial statements.

The accompanying financial statements have been translated into English for the convenience of readers outside Chile.

January 17, 2003

COMPAÑIA MINERA DEL PACIFICO S.A.

BALANCE SHEETS

AT DECEMBER 31, 2002 AND 2001

(in thousands of U.S.dollars -ThUS$)

	CONSOLIDATED		INDIVIDUAL	
	2002	**2001**	**2002**	**2001**
ASSETS	ThUS$	ThUS$	ThUS$	ThUS$
CURRENT ASSETS:				
Cash	984	1,528	150	249
Trade debtors	11,979	7,277	658	2,179
Trade notes receivable	---	3	---	3
Sundry debtors	1,458	2,175	1,399	2,155
Due from related companies	5,691	930	5,659	3,451
Inventories	23,832	46,405	23,669	46,307
Refundable taxes	29	397		331
Prepaid expenses	1,066	1,258	1,061	1,249
Other current assets	105	116	89	101
Total current assets	45,144	60,089	32,685	56,025
FIXED ASSETS:				
Land	1,606	1,606	1,606	1,606
Buildings and infrastructure	145,700	145,692	145,720	145,719
Machinery and equipment	482,539	478,502	481,277	477,183
Construction in progress and other fixed assets	23,803	17,364	23,784	17,342
Technical revaluation	(37,500)	(37,374)	(37,500)	(37,374)
Total	616,148	605,790	614,887	604,476
Accumulated depreciation	(443,712)	(426,952)	(442,434)	(425,646)
Net fixed assets	172,436	178,838	172,453	178,830
OTHER ASSETS:				
Investments in related companies	26,125	21,625	31,403	26,348
Long-term debtors	1,879	2,285	1,871	2,285
Due from related companies	26,608	25,537	26,608	25,537
Others	4,260	5,197	4,260	5,197
Total other assets	58,872	54,644	64,142	59,367
TOTAL ASSETS	**276,452**	**293,571**	**269,280**	**294,222**

The accompanying notes are an integral part of these financial statements.

	CONSOLIDATED		INDIVIDUAL	
	2002	2001	2002	2001
	ThUS$	ThUS$	ThUS$	ThUS$
LIABILITIES AND SHAREHOLDERS' EQUITY				
CURRENT LIABILITIES:				
Short-term bank borrowings	9,097	---	6,039	---
Accounts payable	10,695	7,309	9,067	6,472
Sundry creditors	950	1,161	950	1,161
Due to related companies	8,261	18,525	6,258	20,393
Accruals	2,064	4,699	1,811	4,423
Withholdings	1,157	577	1,061	461
Income tax	1,009	522	850	505
Deferred tax liabilities	101	599	131	632
Total current liabilities	33,334	33,392	26,167	34,047
LONG-TERM LIABILITIES:				
Sundry creditors	790	1,982	790	1,982
Accruals	11,672	10,359	11,672	10,359
Deferred tax liabilities	457	461	457	461
Total long-term liabilities	12,919	12,802	12,919	12,802
MINORITY INTEREST	5	4	---	---
SHAREHOLDERS' EQUITY:				
Paid-in capital	214,814	214,814	214,814	214,814
Reserves	(118)	92	(118)	92
Retained earnings:				
Accumulated	5,467	13,139	5,467	13,139
For the year	10,031	19,328	10,031	19,328
Total shareholders' equity	230,194	247,373	230,194	247,373
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**276,452**	**293,571**	**269,280**	**294,222**

The accompanying notes are an integral part of these financial statements.

COMPAÑIA MINERA DEL PACIFICO S.A.

STATEMENTS OF INCOME

FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001
(in thousands of U.S.dollars -ThUS$)

	CONSOLIDATED		INDIVIDUAL	
	2002	**2001**	**2002**	**2001**
	ThUS$	ThUS$	ThUS$	ThUS$
SALES	170,044	165,026	160,330	160,392
COST OF SALES	(157,422)	(143,362)	(149,040)	(138,649)
OPERATING MARGIN	12,622	21,664	11,290	21,743
SELLING AND ADMINISTRATIVE EXPENSES	(3,946)	(3,919)	(4,977)	(4,957)
OPERATING INCOME	8,676	17,745	6,313	16,786
OTHER INCOME (EXPENSES):				
Financial income	2,401	3,123	2,397	3,110
Equity in earnings of related companies	4,757	5,056	6,697	6,052
Other income	801	2,408	1,192	2,595
Financial expenses	(554)	(885)	(620)	(1,011)
Other expenses	(4,703)	(6,231)	(4,598)	(6,039)
Exchange difference	1,642	2,250	1,302	1,841
Other income (expenses) - net	4,344	5,721	6,370	6,548
INCOME BEFORE INCOME TAXES	13,020	23,466	12,683	23,334
INCOME TAXES	(2,988)	(4,138)	(2,652)	(4,006)
NET INCOME BEFORE MINORITY INTEREST	10,032	19,328	10,031	19,328
MINORITY INTEREST	(1)	---	---	---
NET INCOME FOR THE YEAR	**10,031**	**19,328**	**10,031**	**19,328**

The accompanying notes are an integral part of these financial statements.

COMPAÑIA MINERA DEL PACIFICO S.A.

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2002 AND 2001
(in thousands of U.S.dollars -ThUS$)

	CONSOLIDATED		INDIVIDUAL	
	2002	**2001**	**2002**	**2001**
	ThUS$	ThUS$	ThUS$	ThUS$
NET CASH FLOW FOR THE YEAR				
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	212,627	216,328	166,518	161,943
Dividends and other distributions received	256	801	1,430	1,220
Other income received	6	19		
Cash paid to suppliers and employees	(161,833)	(180,835)	(106,126)	(120,386)
Interest paid	(245)	(259)	(245)	(259)
Income taxes paid	(2,876)	(3,371)	(2,826)	(3,333)
Other expenses paid	---	---	(8,052)	(7,055)
V.A.T. and other similar taxes paid	(4,430)	(1,821)	(3,762)	(1,499)
Net cash provided by operating activities	43,505	30,862	46,937	30,631
CASH FLOWS FROM FINANCING ACTIVITIES:				
Proceeds from banks loans	9,097		6,039	
Dividends paid	(27,000)	(18,000)	(27,000)	(18,000)
Payment of other loans from related companies	(13,173)	(8,105)	(13,173)	(8,105)
Net cash used in financing activities	(31,076)	(26,105)	(34,134)	(26,105)
CASH FLOWS FROM INVESTING ACTIVITES:				
Proceeds from sales of fixed assets	408	1,211	408	1,059
Collection of other loans from related companies	105	---	105	---
Other investment income	---	4,665	---	4,665
Purchase of fixed assets	(13,381)	(10,686)	(13,310)	(10,672)
Other disbursements for investments	(105)	(107)	(105)	(107)
Net cash used in investing activities	(12,973)	(4,917)	(12,902)	(5,055)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(544)	(160)	(99)	(529)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,528	1,688	249	778
CASH AND CASH EQUIVALENTS AT END OF YEAR	**984**	**1,528**	**150**	**249**

(Continued)

COMPAÑIA MINERA DEL PACIFICO S.A.

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2002 AND 2001
(in thousands of U.S.dollars -ThUS$)

	CONSOLIDATED		INDIVIDUAL	
	2002	**2001**	**2002**	**2001**
	ThUS$	ThUS$	ThUS$	ThUS$
RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Net income for the year	10,031	19,328	10,031	19,328
Gain on sale of assets:				
Gain on sale of fixed assets	(17)	(319)	(17)	(208)
Charges (credits) to income not representing cash flows:				
Depreciation for the year	18,024	19,256	17,938	19,142
Equity in earnings of related companies	(4,757)	(5,056)	(6,697)	(6,052)
Equity in losses of related companies				
Net exchange difference	(1,642)	(2,250)	(1,302)	(1,841)
Other credits to income not representing cash flows	(17,947)	(20,336)	(15,257)	(20,643)
Other charges to income not representing cash flows	15,922	24,386	23,700	34,141
Changes in assets, affecting cash flows:				
Decrease (increase) in trade accounts receivable	(4,354)	1,769	1,950	1,441
Increase in inventory	23,282	(9,489)	23,356	(9,511)
(Increase) decrease in other assets	8,996	5,150	2,918	(789)
Changes in liabilities, affecting cash flows:				
Increase (decrease) in accounts payable related to operations	(3,973)	(2,255)	(9,275)	(5,090)
Net increase (decrease) in income taxes payable	(31)	1,206	(160)	1,210
Increase (decrease) in other accounts payable related to non-operating income	(248)	(484)	(248)	(497)
Net increase (decrease) in value-added tax and other similar taxes payable	2	(44)	---	---
Minoritary interest expense	(1)	---	---	---
NET CASH PROVIDED BY OPERATING ACTIVITIES	**43.505**	**30,862**	**46,937**	**30,631**

(Concluded)

The accompanying notes are an integral part of these financial statements

COMPAÑIA MINERA DEL PACIFICO S.A.

SIMPLIFIED NOTES TO THE FINANCIAL STATEMENTS

(in thousands of U.S.dollars -ThUS$)

In management's opinion, these notes provide sufficient information, but in less detail than that contained in the individual and consolidated financial statements, filed with the Superintendency of Securities and Insurance (the "Superintendency") and Stock Exchanges, where they are publicly available. Such additional information is also available at the Company's offices during the 15 days prior to the shareholders' ordinary meeting.

1. REGISTRATION IN THE SECURITIES REGISTER

The Company is registered in the Securities Register of the Superintendency under N°489 and consequently is regulated by that Superintendency.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Accounting period – The consolidated and individual financial statements include the period between January 1 and December 31, 2002 and 2001.

b. Basis of preparation - The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Chile and with instructions of the Superintendency. The subsidiaries abroad are controlled under Chilean GAAP and are recorded in US dollars according to standards established in Technical Bulletin N°64 of the Chilean Institute of Accountants.

The individual financial statements have been prepared in accordance with accounting principles generally accepted in Chile and with instructions of the Superintendency, except for the investments in subsidiaries, which are stated using the equity method of accounting and, therefore, have not been consolidated. This basis of accounting does not modify net income for the year nor the Company's equity.

The individual financial statements are issued only for the purpose of making an individual analysis of the Company and, accordingly, should be read together with the consolidated financial statements, which are required by accounting principles generally accepted in Chile.

c. Basis of presentation - The Company prepares its financial statements in United States dollars. The financial statements of foreign subsidiaries are translated into U.S. dollars in accordance with generally accepted accounting principles.

The financial statements of the Chilean subsidiaries are prepared in constant Chilean pesos and are translated into U.S. dollars at the year-end exchange rate.

d. Basis of consolidation – The consolidated financial statements include assets, liabilities, income and cash flows of the Parent company and subsidiaries. The amounts and effect of transactions between the consolidated companies have been eliminated and the participation of minority investors has been recognized and presented as minority interest.

The consolidated group comprises Compañía Minera del Pacífico S.A. (the "Company") and the following direct and indirect subsidiaries:

	% Holding	
	Direct	Indirect
Direct subsidiaries:		
Sociedad de Ingeniería y Movimientos de Tierra del Pacífico Limitada (IMOPAC)	99	
Compañía Distribuidora de Petróleos del Pacífico Limitada (PETROPAC)	99	1.000
Pacific Ores and Trading Curacao N.V.	100.0	
Indirect subsidiary:		
Pacific Ores and Trading B.V.	100.0	

e. Basis of conversion – Assets and liabilities in currencies other than US dollars are converted at the corresponding exchange rate at year-end: Ch$718,61 for 1US$ at December 31, 2002 ($654,79 in 2001).

f. Inventories - Inventories are generally stated at full absorption costing method, as follows:

- Mineral products, at average production cost or at purchase cost.
- Raw materials, supplies in warehouse and fuel, at average purchase cost.
- Supplies in transit, at purchase cost.

The cost of inventories does not exceed their net realizable values.

g. Estimate of uncollectible accounts – The Company has the policy of establishing a provision for the total amount of accounts under judiciary collection and establishing specific and global provisions for outstanding accounts with a risk of uncollectibility based on age of balances. The administration of the Company opines that there is no risk of having uncollectible accounts with no provision.

h. Fixed assets - Fixed assets are stated at cost or technical revaluation value, as appropriate. Interest incurred during the construction period and major renewals and improvements are capitalized. Maintenance and repairs are charged to income.

i. Depreciation of fixed assets - Fixed assets are depreciated using the straight-line method over the estimated useful life of the assets. For the pellet plant, such depreciation is adjusted on the basis of production levels (between 70% and 120% of the straight-line depreciation).

During the year 2002, the Company changed the useful lives of some fixed assets of Minas El Romeral, based on a study conducted by Arcadis Geotécnica. The net effect of this estimation change resulted in a lower charge to results of the year amounting to ThUS$1,415.

j. Leased assets – Assets acquired under finance leases are accounted for as acquisitions of fixed assets, recording the sum of lease installments as a liability and interest on the accrual basis. The assets are not legally owned by the Company until it exercises the purchase option.

k. Investments in related companies - Investments in related companies are recorded using the equity method of accounting. Investments in local companies that have their accounting records in Chilean pesos are translated into US dollars at the year end exchange rate.

l. Mining properties - Disbursements that relate to mining properties, legal mining companies and contractual mining companies that are not exploiting their properties are charged to income.

m. Exploration expenses - Expenses incurred in prospecting for minerals or mines are charged to income.

n. Income tax and deferred taxes – The Company determines the First Category tax provision based on the taxable income according to stipulations of the Income Law.

Deferred taxes on temporary differences, tax loss and other events creating differences between the accounting and tax basis of assets and liabilities are recorded according to standards established in Technical Bulletins N°60, N°71 and N°73 of the Chilean Institute of Accountants.

ñ. Severance indemnities - Severance indemnities established in collective agreements signed with employees are stated at the present value of the accrued cost of the benefit, discounted at 8% and considering an average future service of 8.7 years. The subsidiaries have no contractual obligation for severance indemnities

o. Sales income – Recorded income corresponds to mining products delivered at year-end, valued according to the corresponding sales contracts and/or sales notes.

p. Software – Computer programs have been developed by the Company and the cost is charged to income.

q. Research and development expenses –The expenses for research and development other than expenses incurred for development and mining prospecting are charged to income. No significant disbursements have been made in the last five years for research and development.

r. Vacations – The cost is recorded on the accrual basis.

s. Statements of cash flows - Cash includes the amounts available in cash and banks and time deposits that mature within 90 days. The net cash provided by operating activities represents the net cash received during the year from operations that affect the Company's income.

3. ACCOUNTING CHANGES

Principles and criteria described in Note 2 were applied uniformly in 2002 and 2001.

4. INVENTORIES

Inventories comprise:

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5. BALANCES AND TRANSACTIONS WITH RELATED COMPANIES

a. Related companies - In addition to CAP S.A., the Parent Company, and the subsidiaries mentioned in Note 2, the following related companies had balances or transactions with the Company:

Subsidiaries of CAP S.A.:
Compañía Siderúrgica Huachipato S.A.
Abastecimientos CAP S.A.
Manganesos Atacama S.A.

Investees:
Compañía Minera Carmen de Andacollo
Compañía Minera Huasco S.A.
S.C.M. Compañía Minera La Jaula

b. Investments and accounts receivable and payable - Investments in related companies and balances due from and due to related companies are stated on the consolidated and individual balance sheets.

The long-term account receivable with Compañía Minera Carmen de Andacollo accrues interest at LIBOR plus a spread.

The long-term account receivable with Compañía Minera Huasco S.A. accrues interest at LIBOR plus a spread.

c. Financing from Parent Company - The Parent Company centralizes financial management under mandates from its subsidiaries, providing funds according to their financing and operating needs. For current account balances and import financing loans, the Company pays interest to the Parent Company usually at LIBOR plus a spread. The average interest rate amounted to 4.30% in 2002 and 6.60% in 2001.

d. Principal transactions with related companies:

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LONG-TERM LIABILITIES

Long-term liabilities at December 31, 2002 mature as follows:

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6. SEVERANCE INDEMNITIES

Changes in the long-term accrual for severance indemnities are as follows:

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7. INCOME TAXES AND DEFERRED TAXES

a. Income tax provision

The detail of the provision for income taxes for the Company and its subsidiaries is as follows:

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b. Retained taxable profits

Retained taxable profits with credit, retained taxable profit without credit and the corresponding credits in favor of shareholders at December 31, 2002 amount to ThUS$28,863, ThUS$4,088 and ThUS$5,352, respectively.

c. Deferred taxes

At December 31, 2002 and 2001 the accumulated balances of deferred taxes, resulting from temporary differences, are as follows:

	CONSOLIDATED								INDIVIDUAL							
	2002				2001				2002				2001			
	Asset		Liability		Asset		Liability		Asset		Liability		Asset		Liability	
Temporary difference	**Short term** ThUS$	**Long term** ThUS$	**Short term** ThUS$	**Long term** ThUS$	**Short term** ThUS$	**Long term** ThUS$	**Short term** ThUS$	**Long term** ThUS$	**Short term** ThUS$	**Long term** ThUS$	**Short term** ThUS$	**Long term** ThUS$	**Short term** ThUS$	**Long term** ThUS$	**Short term** ThUS$	**Long term** ThUS$
Allowance for doubtful account	53				53				53				53			
Vacations provision	137	257			228	138			118	257			207	138		
Provision for employee bonus	136				151				136				151			
Miscellaneous provision	77				105				66				93			
Unearned income		792				843				792				843		
Deferred manufacturing expenses			451				992				451				992	
Depreciation of fixed assets				22.458				23.521				22.458				23.521
Finance leases				362				263				362				263
Severance indemnities				916				1.123				916				1.123
Stock-pile for producing pellet feed				886				951				886				951
Prepaid expenses				131				159				131				159
Total deferred taxes	403	1.049	451	24.753	537	981	992	26.017	373	1.049	451	24.753	504	981	992	26.017
Complementary accounts – net of amortization	(53)	(792)		(24.039)	(144)	(904)		(25.479)	(53)	(792)		(24.039)	(144)	(904)		(25.479)
Balance at December 31	350	257	451	714	393	77	992	538	320	257	451	714	360	77	992	538

Income tax expense, after recognizing deferred taxes, are as follows:

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8. SHAREHOLDERS' EQUITY

The equity accounts show the following changes:

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a. Paid-in capital - The Company's subscribed and paid-in capital amounts to ThUS$214,814 and is represented by 3,521,126 no-par-value shares. Of these, 3,521,108 shares are owned by CAP S.A.

b. Dividend distribution - In compliance with current legislation, at least 30 % of the year's net income must be distributed as cash dividends, unless the shareholders unanimously decide otherwise.

At the Shareholders' General Meeting held on April 15, 2002, the shareholders agreed, as a policy, to distribute 70% of the year's net income as dividends and to pay interim dividends in 2002 as approved by the Board, if the Directors deemed it appropriate, provided the Company had sufficient net income. In accordance with this policy, of the 2001 profits it was agreed to distribute ThUS$13,530 as dividends and to allocate the difference of ThUS$5,798 to reserves for future capitalization. Taking into account requirements of the Parent Company CAP S.A., an extraordinary dividend will be distributed for ThUS$13,470 and charged to retained earnings. Therefore the total dividend to be distributed to shareholders amounts to ThUS$27,000.

c. Other reserves –This reserve results from changes in equity of subsidiaries and investees with accounting records in local currency.

9. CONTINGENCIES AND COMMITMENTS

a. Indirect guarantees:

The detail of indirect guarantees is as follows:

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b. Pending lawsuits

The Company does not have any pending lawsuits.

c. Other commitments

1. Deferred customs duties:

The Company owes customs duties that are not recorded as a liability, as it expects to make use of export incentive that allows write-off of these duties.

Maturities are as follows:

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2. Joint-venture contracts

The Company and MC Inversiones Ltda., a subsidiary of Mitsubishi Corporation, established a joint venture to expand the Los Colorados mine, produce iron pre-concentrates, convert the pre-concentrates into pellets and sell those pellets. Accordingly, the Company sold MC Inversiones Ltda. 50% of the Los Colorados mining and water rights. The Company and MC Inversiones Ltda. contributed their rights to S.C.M. Compañía Minera La Jaula. During 2000, S.C.M. Compañía Minera La Jaula sold the mining and water rights to Compañía Minera Huasco S.A.. The Company also has a 50% holding in Compañía Minera Huasco S.A., a privately held corporation that will exploit such mining rights. For a ten-year period ending in 2008, neither of the parties may assign, transfer, mortgage, charge, pledge or dispose of its shares in the two companies without the prior written consent of the other party.

The project was financed by a loan of ThUS$71,700 from Mitsubishi Corporation Group, through MV Cayman Limited. At December 31, 2001 principal plus accrued interest amounted to ThUS$43,036. As sponsors of the project, the Company and MC Inversiones Limitada have committed to guarantee obligations of Compañía Minera Huasco S.A. with MV Cayman Limited for a total amount of up to ThUS$17,448. Each sponsor guarantees 50% of the commitments and probable materialization would be through subordinated loans.

Twenty years from July 1, 1998, when the Company has completely depreciated its pellet plant, Compañía Minera Huasco S.A. shall have the option of retaining the plant.

3. Mineral sales commitments

Mineral sales commitments are valued at year-end prices and relate to contracts signed with both domestic and foreign customers. Such prices are agreed under FOB or CIF terms that are negotiated annually. The average term of the contracts is three years and there are no clauses establishing fines for non-compliance, as these contracts contain options for the volume of minerals that are shipped annually

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4. Other commitments:

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5. Insurance

At December 31, 2002, the Company has insurance contracts covering fixed assets and other risks of the business for approximately ThUS$236,023, and the maximum indemnity amounts to approximately ThUS$59,958.

6. Restrictions

The Company does not have bank restrictions.

10. SUBSEQUENT EVENTS

There have been no events occurring between December 31, 2002 and January 17, 2003 that significantly affect these financial statements.

MANAGEMENT´S ANALYSIS OF THE CONSOLIDATED FINANCIAL STATEMENTS

JANUARY - DECEMBER 2002 AND 2001

1, Comparative analysis and explanation of the main trends in the financial statements

1.1 Principal Financial Indicators.:

		2002	2001
Current ratio	Times	1.35	1.80
Acid test	Times	0.64	0.41
Debt ratio	%	20.09	18.67
Long-term debt/Total debt	%	72.07	72.29
Short-term debt/Total debt	%	27.93	27.71
Financial expense cover	Times	24.50	27.52
Total assets	ThUS$	276,452	293,571
Inventory rotation	Times	6.67	5.30
Inventory permanence	days	53.97	67.89
Sales	ThUS$	170,044	165,026
Cost of sales	ThUS$	157,422	143,362
Operating income	ThUS$	8,676	17,745
Financial expenses	ThUS$	554	885
Non-operating result	ThUS$	4,344	5,721
EBITDA	ThUS$	31,598	43,607
Income (loss) before tax	ThUS$	10,031	19,328
Return on equity	%	4.48	8.32
Return on assets	%	3.52	6.44
Return on operating assets	%	3.74	7.17
Earnings per share	US$	2.85	5.49

a) **Liquidity Ratios**

The principal liquidity ratios are as follows:

- **Current Ratio:**

The current ratio at December 31, 2001 fell from its level the year before due to a reduction in current assets, basically inventories and trade debtors.

- **Acid Test:**

The Acid Test ratio at December 31, 2002 increased compared to the year before due to a increased in current assets, mainly trade debtors and receivables from related companies.

b) **Debt Ratios**

- **Debt ratio**

The debt ratio at December 31, 2002 increased from its level the year before mainly due to the reduction in the shareholders' equity.

- **Short-term and Long-term debt/Total debt.**

The short-term debt, compared to total debt, at December 31, 2002 slightly decreased compared to the year before; the long-term, compared to total debt, slightly increased. These liabilities have remained basically unchanged between the liabilities accounts components .

- **Financial expenses coverage**

The financial expenses coverage at December 31, 2002 decreased due to the decline in the net income and offset in part by a reduced in the financial charge for the year.

c) Activity Indicators

The Company's total assets in ThUS$ are as follows:

	2002	2001
Current Assets	45,144	60,089
Net Fixed Assets	172,436	178,838
Other Assets	58,872	54,644
TOTAL ASSETS	**276,452**	**293,571**

Net additions to Fixed assets in 2002 amounted to ThUS$ 11,933.
There were no significant disposals during the year.

• Inventory Rotation

Inventory rotation at December 31, 2002 was higher than the year before (5,30 to 6,67 times) principally due to a decrease in average inventories and an increase in cost of sales.

• Inventory permanence

Inventory permanence at December 31, 2002 decreased compared to the year before, principally due to an decrease in average inventories and an increase in cost of sales.

d) Analysis of the Statement of Income and its principal components

The result for the year 2002 was a net income of ThUS$ 10,031, In 2001 it was ThUS$ 19,328. The following provides a breakdown of these figures:

	2002	2001
Sales	170,044	165,026
Cost of Sales	(157,422)	(143,362)
Gross Margin	12,622	21,664
Administrative and Sales expenses	(3,919)	(3,919)
OPERATING INCOME	**8,676**	**17,745**
Financial Income	2,401	3,123
Income (Loss) Related Companies	4,757	(5,056)
Other Non-Operating Income	801	2,408
Financial Expenses (less)	(554)	(885)
Other Non-Operating Expenses	(4,703)	(6,231)
Exchange difference	1,642	2,250
NON-OPERATING RESULT	**(4,344)**	**(1,765)**
Income before tax	13,020	12,721
Income tax (less)	(2,988)	(2,696)
Minoritary interest	(1)	---
NET INCOME (LOSS) FOR THE YEAR	**10,031**	**19,328**

i) Sales

Sales in 2002 were 103% more than 2001.

Sales iron ore volumes in 2002 were 7,493 ThLT with an average of price product of US$19.42 per LT.

Sales in 2001 were 7,294 ThLT at an average of price product of US$19.13 per LT.

The increase in sales revenues was basically due to a 199,000 LT of higher volumes, and a US$0.29 per LT higher price for the mix of products.

ii) Cost of Sales and Administrative and Selling Expenses

The average cost of a ton of sold iron ore in 2002 was US$21.01 per LT, while in 2001 the price was US$19.65 per LT. The increase was the result of lower sales costs.

Administrative and selling expenses in 2002 were 100.7% of the level in 2001.

iii) Operating Income

Following from the above, operating income in 2002 was ThUS$ 8,676, 48.9% of the level of 2001.

iv) Financial Expenses

Financial expenses in 2002 fell by ThUS$ 331, .37.4% below the level of 2001.

v) Non-Operating Result

The year 2002 produced non-operating income of ThUS$4,344, compared to income of ThUS$ 5,721 in 2001. The difference is mainly because in 2002 there was lower non-operating income, lower financial income, lower income from investments in related companies and a lower gain from exchange differences offset by lower financial expenses and lower non-operating expenses.

vi) EBITDA

EBITDA for 2002 was ThUS$ 29,196, 27.88% less than in 2001 when EBITDA was ThUS$ 40,484.

e) Profitability

- **Return on Equity**

The return on equity showed an decreased compared to 2001 (from 8.32% to 4.48%) mainly due to the decrease in net income.

- **Return on Assets**

The return on assets also decreased compared to 2001 (from 6.44% to 3.52%) mainly due to the decrease in net income.

- **Return on Operating Assets**

The return on operating assets decreased compared to 2001 (from 7.17% to 3.74%) mainly due to the decrease in operating income.

The following items are considered as operating assets:

-Cash and Banks
-Trade accounts receivable
-Notes receivable
-Sundry debtors
-Inventories
-Recoverable taxes
-Prepaid expenses
-Deferred taxes
-Other current assets
- Long-term debtors
- Other long-term assets.
- Net fixed Assets

- **Earnings per Share**

Earnings per share in 2002 also decreased compared to the year before due to the already mentioned decrease in net income**.**

2. Book and Economic Value of Assets and Liabilities

It can be stated that there are no significant differences between the book and economic value of assets. In any event, inventories are valued at costs that do not exceed their market value. Fixed assets acquired by CAP prior to 1980 were technically reappraised in 1979.

Acquisitions made since 1980 by CAP and since 1982 by CMP are valued at cost and were reappraised at December 31, 1988. Such technical appraisals were made precisely to show the real residual market value of the fixed assets, this being the amount expressed in US$ at which the fixed assets might be exchanged between a free buyer and a free seller provided that these fixed assets were used in their present location and for the purpose for which they were designed and built. The real residual market value mentioned above does not intend to represent a liquidation value of the property on the open market

but the real cost as integrated units, whether to build or acquire them as economic units, in line with their present state of conservation or use.

All the liabilities are valued at their economic value, i.e. principal plus accrued interest at the close of the year.

3. Iron Ore Markets

In 2002, 31% of the Company's products were shipped to Japanese steel-makers and represented a share of around 3.5% of that market. From the rest of shipments, 21% were shipped to China, 20% to Compañía Siderúrgica Huachipato S.A., 13% to South Korea, 8% to Indonesia, 4% to USA and 3% to others.

4. Analysis of the Statement of Cash Flows

The Company generated and applied net funds in the following areas in 2002:

	ThUS$
Cash flow from operating activities	43,505
Cash flow from financing activities	(31,076)
Cash flow from investment activities	(12,973)
Net total cash flow for the year	**(544)**

The generation and application of funds from operating activities comprise the following:

	ThUS$
Collection of trade receivables	212,627
Dividends received	256
Other income	6
Payments to suppliers & personnel	(161,833)
Interest paid	(245)
Income tax paid	(2,876)
VAT & similar payments	(4,430)
Total Application of Funds	**43,505**

Financing activities produced a negative cash flow of ThUS$ 31,076 corresponding to the loans agreements of ThUS$ 9,097,. dividend payments of ThUS$ 27,000 and balance in favor of CMP with the parent company of ThUS$13,173.

Investment activities showed a negative flow of ThUS$ 12,973, corresponding to the sale of fixed assets of ThUS$ 408, collection of loans of ThUS$ 105, less and the return of capital of Cía. Minera La Jaula for ThUS$ 4,665, less, the acquisition of fixed assets of ThUS$ 13,381 and other disbursements of ThUS$105.

5. Market Risk Analysis

A significant element in our results is the US dollar/peso exchange rate. The Company's financial statements are recorded in US dollars, and its principal debts, all its sales and some 54% of operating expenses are also in US dollars.

MANAGEMENT'S ANALYSIS OF THE INDIVIDUAL FINANCIAL STATEMENTS

JANUARY - DECEMBER 2002 AND 2001

1. Comparative analysis and explanation of the principal trends

1.1 Principal Financial Indicators.

		2002	2001
Current ratio	Times	1.25	1.65
Acid test	Times	0.34	0.28
Debt ratio	%	16.98	18.94
Long-term debt/Total debt	%	66.95	72.67
Short-term debt/Total debt	%	33.05	27.33
Financial expense cover	Times	21.46	24.08
Total assets	ThUS$	269,280	294,222
Inventory rotation	Times	6.32	5.13
Inventory permanence	days	57.00	70.19
Sales	ThUS$	160,330	160,392
Cost of sales	ThUS$	149,040	138,649
Operating income	ThUS$	6,313	16,786
Financial expenses	ThUS$	620	1,011
Non-operating result	ThUS$	6,370	6,548
EBITDA	ThUS$	31,241	43,487
Income (loss) before tax	ThUS$	10,031	19,328
Return on equity	%	4.48	8.32
Return on assets	%	3.56	6.46
Return on operating assets	%	2.84	6.97
Earnings per share	US$	2.85	5.49

a) Liquidity Ratios

The principal liquidity ratios are as follows:

- **Current Ratio:**

The current ratio at December 31, 2001 fell from its level the year before due to a reduction in current assets, basically inventories and trade debtors, offset by a reduction in current liabilities, mainly in accounts payble to related companies .

- **Acid Test:**

The Acid Test ratio at December 31, 2002 increased compared to the year before due to a reduction in current liabilities, mainly accounts payble to related companies.

b) Debt Ratios

- **Debt Ratio**

The debt ratio at December 31, 2002 increased from its level the year before mainly due to the reduction in accounts payable to related companies and short-term provisions, offset by a decrease in the shareholders' equity

- **Short-term and Long-term debt/Total debt.**

The short-term debt, compared to total debt, at December 31, 2002 decreased compared to the year before mainly due to the accounts payable to related companies. The long-term debt, compared to total debt, increased due to the same reasons

- **Financial expenses coverage**

The financial expenses coverage at December 31, 2002 decreased due to the decline in the net income and offset in part by a reduced in the financial charge for the year.

c) Activity Indicators

The Company's total assets in ThUS$ are as follows:

	2002	2001
Current Assets	32,685	56,025
Net Fixed Assets	172,453	178,830
Other Assets	64,142	59,367
TOTAL ASSETS	**269,280**	**294,222**

Net additions to Fixed assets in 2002 amounted to ThUS$ 11,873.
There were no significant disposals during the year.

• Inventory Rotation

Inventory rotation at December 31, 2002 was higher than the year before (5,13 to 6,32 times) principally due to a decrease in average inventories and an increase in cost of sales.

• Inventory permanence

Inventory permanence at December 31, 2002 decreased compared to the year before, principally due to a decrease in average inventories and an increase in cost of sales.

d) Analysis of the Statement of Income and its principal components

The result for the year 2002 was a net income of ThUS$ 10,031, in 2001 it was ThUS$ 19,328. The following provides a breakdown of these figures:

	2002	2001
Sales	160,330	160,392
Cost of Sales	(149,040)	(138,649)
Gross Margin	11,290	21,743
Administrative and Selling Expenses	(4,977)	(4,957)
OPERATING INCOME	**6,313**	**16,786**
Financial Income	2,397	3,110
Income (Loss) Related Companies	6,697	(6,052)
Other Non-Operating Income	1,192	2,595
Financial Expenses (less)	(620)	(1,011)
Other Non-Operating Expenses	(4,598)	(6,039)
Exchange difference	1,302	1,841
NON-OPERATING RESULT	**6,370**	**(6,548)**
Income before tax	12,683	23,334
Income tax (less)	(2,652)	(4,006)
NET INCOME (LOSS) FOR THE YEAR	**10,031**	**19,328**

i) Sales

Sales in 2002 were 99.96% of the level of 2001.

Sales volumes of iron ore in 2002 amounted to 7,493 ThLT at an average product-mix price of US$19.42 per LT.

Sales in 2001 were 7,294 ThLT at an average product-mix price of US$19.13 per LT.

The increase in sales revenues was basically due to a 199,000 LT of higher volumes, and a US$0.29 per LT higher price for the mix of products.

ii) Cost of Sales and Administrative and Selling Expenses

The average cost of a ton of sold iron ore in 2002 was US$19.89 per LT, while in 2001 the price was US$19.01 per LT. The increase was the result of lower productivity.

Administrative and selling expenses in 2002 were 100.4% of the level in 2001.

iii) Operating Income

Following from the above, operating income in 2002 was ThUS$ 6,313, 37.6% of the level of 2001.

iv) Financial Expenses

Financial expenses in 2002 fell by ThUS$ 391, .38.7% below the level of 2001.

v) Non-Operating Result

The year 2002 produced non-operating income of ThUS$6.370, compared to income of ThUS$ 6.548 in 2001. The difference is mainly because in 2002 there was lower non-operating income, lower financial income, lower income from investments in related companies and a lower gain from exchange differences offset by lower financial expenses and lower non-operating expenses.

vi) EBITDA

EBITDA for 2002 was ThUS$ 28,844, 28.56% less than in 2001 when EBITDA was ThUS$ 40,377.

e) Profitability

- **Return on Equity**

The return on equity showed a decreased compared to 2001 (from 8.32% to 4.48%) mainly due to the decrease in net income.

- **Return on Assets**

The return on assets also decreased compared to 2001 (from 6.46% to 3.56%) mainly due to the decrease in net income.

- **Return on Operating Assets**

The return on operating assets decreased compared to 2001 (from 6.97% to 2.84%) mainly due to the decrease in operating income.

The following items are considered as operating assets:

-Cash and Banks
-Trade accounts receivable
-Notes receivable
-Sundry debtors
-Inventories
-Recoverable taxes
-Prepaid expenses
-Deferred taxes
-Other current assets
- Long-term debtors
- Other long-term assets.
- Net fixed Assets

- **Earnings per Share**

Earnings per share in 2002 also decreased compared to the year before due to the already mentioned decrease in net income**.**

2. Books and Economic Value of Assets and Liabilities

It can be stated that there are no significant differences between the book and economic value of assets. In any event, inventories are valued at costs that do not exceed their market value. Fixed assets acquired by CAP prior to 1980 were technically reappraised in 1979.

Acquisitions made since 1980 by CAP and since 1982 by CMP are valued at cost and were reappraised at December 31, 1988. Such technical appraisals were made precisely to show the real residual market value of the fixed assets, this being the amount expressed in US$ at which the fixed assets might be exchanged between a free buyer and a free seller provided that these fixed assets were used in their present location and for the purpose for which they were designed and built. The real residual market value mentioned above does not intend to represent a liquidation value of the property on the open market

But the real cost as integrated units, whether to build or acquire them as economic units, in line with their present state of conservation or use.

All the liabilities are valued at their economic value, i.e. principal plus accrued interest at the close of the year.

3. Iron Ore Markets

In 2002, 31% of the Company's products were shipped to Japanese steel-makers and represented a share of around 3.5% of that market. From the rest of shipments, 21% were shipped to China, 20% to Compañía Siderúrgica Huachipato S.A., 13% to South Korea, 8% to Indonesia, 4% to USA and 3% to others.

4. Analysis of the Statement of Cash Flows

The Company generated and applied net funds in the following areas in 2002:

	ThUS$
Cash flow from operating activities	46,937
Cash flow from financing activities	(34,134)
Cash flow from investment activities	(12,902)
Net total cash flow for the year	**(99)**

The generation and application of funds from operating activities comprise the following:

	ThUS$
Collection of trade receivables	166,518
Dividends received	1,430
Other income	(106,126)
Payments to suppliers & personnel	(245)
Interest paid	(2,826)
Income tax paid	(3,762)
VAT & similar payments	(8,052)
Total Application of Funds	**46,937**

Financing activities produced a negative cash flow of ThUS$ 34,134 corresponding to the loans agreements of ThUS$ 6,039, dividend payments of ThUS$ 27,000 and balance in favor of CMP with the parent company of ThUS$13,173.

Investment activities showed a negative flow of ThUS$ 12,902, corresponding to the sale of fixed assets of ThUS$ 408, collection of loans to related companies, less, the acquisition of fixed assets of ThUS$ 13,310 and other disbursements of ThUS$105.

5. Market Risk Analysis

A significant element in our results is the US dollar/peso exchange rate. The Company's financial statements are recorded in US dollars, and its principal debts, all its sales and some 54% of operating expenses are also in US dollars.

CONDENSED BALANCE SHEETS

AT DECEMBER 31, 2002 AND 2001

(in thousands of U.S.dollars -ThUS$)

Subsidiaries of CMP S.A.

	Imopac Ltda.		Petropac Ltda.		Pacific Ores & Trading N.V	
	2002	**2001**	**2002**	**2001**	**2002**	**2001**
	MUS$	**MUS$**	**MUS$**	**MUS$**	**MUS$**	**MUS$**
ASSETS						
CURRENT ASSETS						
Cash and banks	9	9	46	119	779	1,150
Account receivable	63	23	818	282	10,499	4,813
Related companies	4,974	3,804	140	123	360	249
Inventories	163	98	-	-	-	-
Others	46	125	29	43	5	9
Total current assets	**5,255**	**4,059**	**1,033**	**567**	**11,643**	**6,221**
FIXED ASSETS						
Cost	1,278	1,336	-	-	60	58
Technical revaluation	19	21	-	1	-	-
Accumulated depreciation	(1,220)	(1,251)	-	(1)	(58)	(54)
Fixed assets - net	**77**	**106**	**-**	**-**	**2**	**4**
OTHER ASSETS						
Related companies	2	2	-	-	-	-
Long-term Account receivable	8	-	-	-	-	-
Total other assets	10	2	-	-	-	-
					-	
TOTAL	**5,342**	**4,167**	**1,033**	**567**	**11,645**	**6,225**
LIABILITIES AND SHAREHOLDERS` EQUITY						
CURRENT LIABILITIES						
Accounts payable	840		774		14	
Related companies	-	-	-	-	7,445	4,828
Others	385	857	13	354	3,168	89
Total current liabilities	**1,225**	**857**	**787**	**354**	**10,627**	**4,917**
LONG-TERM DEBT						
Related Companies	-	-	-	-	-	-
Others	-	-	-	-	-	-
Total long-term debt	**-**	**-**	**-**	**-**	**-**	**-**
MINORITY INTEREST	**-**	**-**	**-**	**-**	**-**	**-**
SHAREHOLDES` EQUITY	**4,117**	**3,310**	**246**	**213**	**1,018**	**1,308**
TOTAL	**5,342**	**4,167**	**1,033**	**567**	**11,645**	**6,225**

CONDENSED STATEMENTS OF INCOME

FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001
(in thousands of U.S.dollars -ThUS$)

Subsidiaries of CMP S.A.

	Imopac Ltda.		Petropac Ltda.		Pacific Ores & Trading N.V.	
	2002	**2001**	**2002**	**2001**	**2002**	**2001**
	MUS$	MUS$	MUS$	MUS$	MUS$	MUS$
Sales	10,069	9,688	7,447	4,675	1,175	1,140
Cost of sales	(8,770)	(9,626)	(7,181)	(4,567)	(544)	(509)
Gross profit	1,299	62	266	108	631	631
Selling and administrative expenses	(95)	(79)	(153)	(99)	-	-
Operating Income	1,204	(17)	113	9	631	631
Non-operating income						
Other income	412	573	2	12	15	19
Other Expenses	(103)	(99)	(2)	-	-	(4)
Income before taxes	1,513	457	113	21	646	646
Income taxes	(242)	(61)	(18)	(3)	(76)	(69)
Minority interest	-					
Net income (loss) for the year	**1,271**	**396**	**95**	**18**	**570**	**577**

CONDENSED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001

(in thousands of U.S.dollars -ThUS$)

Subsidiaries of CMP S.A.

	Imopac Ltda.		Petropac Ltda.		Pacific Ores & Trading N.V.	
	2002 MUS$	2001 MUS$	2002 MUS$	2001 MUS$	2002 MUS$	2001 MUS$
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash received from customers	8,129	7,457	8,242	5,755	54,080	54,118
Cash paid to suppliers and others	(7,798)	(7,595)	(8,267)	(5,741)	(56,648)	(53,351)
Net cash provided by operating activities	331	(138)	(25)	14	(2,568)	767
CASH FLOWS FROM FINANCING ACTIVITIES						
Net loans received from banks	-	-	-	-	3,058	-
Dividends paid	(261)	-	(49)	(62)	(860)	(350)
Net cash provided by financing activities	(261)	-	(49)	(62)	2,198	(350)
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchase of fixed assets	(70)	(14)	-	-	(1)	-
Sale of fixed assets	-	152	-	-	-	-
Net Cash flows provided by investing activities	(70)	138	-	-	(1)	-
NET DECREASE IN CASH	-	-	(74)	48	(371)	417
CASH AT THE BEGINNING OF THE YEAR	9	9	120	168	1,150	733
CASH AT THE END OF THE YEAR	**9**	**9**	**46**	**120**	**779**	**1,150**

SIGNIFICANT EVENTS

JANUARY - DECEMBER 2002

The following significant events occurred during 2002:

- At the CMP S.A. board meeting Nº163 held on January 18, 2002, the directors approved the annual report of 2001, balance sheet, statements of income, and statements of cash flows for 2001 and their accompanying notes. Also, the Company's directors took knowledge and awear being responsible for the truth of the information sended to the Superintendency through the ''System of on-line information'' corresponding to financial statements ended at december 31, 2001.

The board also agreed to call the ordinary shareholders' meeting for 2002 on April 15, 2002.

- On April 15, the ordinary shareholders' meeting approved the following resolutions:

- Approval of the annual report and financial statements for 2001.

- The election of the board of directors of the Company for a period of three years, these being Jaime Arbildua Aramburu, Guillermo Aldoney Hansen, Andrés Bustos Moretti, Jaime Charles Coddou and Eduardo Frei Bolívar.

-. The dividend policy was agreed whereby 70% of annual net income would be distributed to shareholders plus, for this year only, the distribution of part of the retained earnings. It was also agreed to pay interim dividends during 2002 whenever the board decides.

-. Deloitte & Touche were appointed as the Company's external audiors

-. The directors' remuneration was approved.

▪ An extraordinary shareholders' meeting of the Company was held on August 14 which authorized the company to grant its joint and several guiarantee for the obligations of CAP S.A. under loan agreements with international and local banks or financial institutions.

There were no other events of significance to the Company during 2002 which the management believes require notification

January 2002