PROVEN EXCELLENCE

Annual Report 2010

IAMGOLD CORPORATION

IAMGOLD is a leading, mid-tier gold mining company, producing approximately one million ounces of gold annually from eight mines in West Africa, South America and Canada. The Company's niobium mine in Canada produces 4.4 million kilograms of niobium annually.

The Company is focused on expanding the production potential of its core portfolio of world-class, long-life, low-cost assets – Rosebel, Essakane, Westwood and Niobec – and advancing a number of attractive exploration and development projects.

In 2011, IAMGOLD is targeting a 14% to 24% increase in attributable gold production to 1.1 million to 1.2 million ounces at an average cash cost of between $565 and $595 per ounce. In 2011, the Niobec mine in the province of Quebec is expected to produce between 4.5 million and 5.0 million kilograms of niobium, with an operating margin of between $15 and $17 per kilogram.

IAMGOLD's Mining Interests

Mine	Operator	Location	IAMGOLD Ownership	2010 Attributable Production
Rosebel	IAMGOLD	Suriname	95%	395,000
Essakane	IAMGOLD	Burkina Faso	90%	122,000
Mupane	IAMGOLD	Botswana	100%	57,000
Mouska	IAMGOLD	Canada	100%	33,000
Sadiola	AngloGold	Mali	41%	118,000
Yatela	AngloGold	Mali	40%	60,000
Tarkwa	Gold Fields	Ghana	18.9%	139,000
Damang	Gold Fields	Ghana	18.9%	43,000
Niobec	IAMGOLD	Canada	100%	4.4 millions kg of Nb

2010 Operating and Financial Highlights

	2010	2009	2008
Production			
Attributable gold production (ounces)	**967,000**	939,000	997,000
Average realized gold price ($/oz)	**1,252**	960	855
Cash cost[1] ($/oz)	**574**	461	459
Niobium production (millions of kg)	**4.4**	4.1	4.4
Niobium margin ($/kg)	**18**	20	19
Financial			
Net earnings (loss) ($ millions)	**279.8**	114.1	(9.9)
Adjusted net earnings[1] ($ millions)	**285.7**	170.0	107.8
Adjusted net earnings[1] ($/share)	**0.77**	0.48	0.36

[1] Non-GAAP measures

Reserves and Resources Summary

In 2010, reserve replacement again outpaced depletion through mining and processing. Total proven and probable gold reserves increased by 13%, while total proven and probable niobium reserves increased by 34%.

Gold Operations

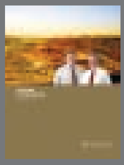
Attributable Contained Ounces of Gold (000)	Dec. 31, 2010	Dec. 31, 2009
Total proven and probable reserves	**16,431**	14,508
Total measured and indicated resources (includes mineral reserves)	**21,419**	19,851
Total inferred resources	**8,032**	8,890

Niobium Operation

Contained Nb_2O_5 (million kg)	Dec. 31, 2010	Dec. 31, 2009
Total proven and probable reserves	**243.8**	181.3
Total measured and indicated resources (includes mineral reserves)	**243.8**	181.3
Total inferred resources	**316.3**	219.1

All monetary amounts in this report are expressed in US dollars unless otherwise indicated.

TABLE OF CONTENTS



Cover:
Essakane Gold Mine
Left – Gordon Stothart, Executive Vice President and Chief Operating Officer
Right – Denis Miville-Deschênes, Senior Vice President, Project Development

PROVEN
EXCELLENCE

AT IAMGOLD, PROVEN EXCELLENCE IS EVERYWHERE IN THE ORGANIZATION – OPERATIONS, DEVELOPMENT, EXPLORATION, HEALTH, SAFETY & SUSTAINABILITY, HUMAN RESOURCES, FINANCIAL MANAGEMENT – ENRICHING THE LIVES OF OUR STAKEHOLDERS.

ASSEMBLING THE RESOURCES FOR GROWTH

Last year, IAMGOLD achieved a significant milestone, completing the transition from a gold royalty company to a fully integrated gold producer. In a challenging operating environment, the Company commenced commercial production of the Essakane mine in Burkina Faso in July 2010, well ahead of schedule and close to budget. Essakane is a world-class gold asset in one of the most prolific gold-producing regions in West Africa. In 2010, major new drill targets were identified. With expansion, Essakane could reach average annual production levels as high as 470,000 ounces of gold.

On the strength of the Company's 2010 operating and financial results, as well as expectations for strong performance in the future, the Board of Directors increased IAMGOLD's annual dividend by 33% to $0.08 a share.

In the fall of 2010, Steve Letwin was appointed President and Chief Executive Officer of IAMGOLD, replacing interim President Peter Jones. On behalf of the Board, I thank Peter for his contribution and for keeping the Company focused on its strategic priorities in 2010.

With Steve on board, we look forward to his proven leadership. Steve joined us from a leading company in the oil and gas sector, where he was instrumental in enhancing the profitability of its energy services business. He is a strong supporter of corporate social responsibility and has built strong relationships with investors and foreign governments. His goal-oriented approach and sense of urgency will further strengthen an already outstanding executive leadership team.

The Board has enthusiastically endorsed Steve's vision for IAMGOLD – to have a stable of long-life, low-cost mines, with close to 90% of attributable gold production coming from mines owned and operated by IAMGOLD. Going forward, the mandate of Steve and his team is to create shareholder value. I am confident that Steve's leadership will have a positive impact on the future growth and prosperity of IAMGOLD.

Bill Pugliese

William D. Pugliese
Chairman

DEVELOPING A WINNING STRATEGY

We finished 2010 with an outstanding fourth quarter, as a year-over-year 35% increase in gold production drove record highs in net earnings and cash flow. For the full year, gold production was 967,000 ounces. Net earnings grew by 145%, reaching a record $280 million, and operating cash flow climbed 62% to $415 million. It's gratifying to join a company filled with great achievements. Chief among IAMGOLD's many successes was bringing into production a major gold development project. Our low-cost, long-life Essakane gold mine in West Africa is estimated to have more than 4 million attributable ounces of probable gold reserves. In its first six months of operation the mine produced 122,000 ounces of gold, with 80,000 ounces in the fourth quarter.

Year of Essakane

Essakane is the first gold mine built and brought into production by IAMGOLD. That milestone was accomplished well ahead of schedule and close to budget. This was a remarkable achievement. There had been no supporting infrastructure and, as with any new mine, there were a number of operating challenges. Were it not for the expertise of the development and operational teams, a timely start-up would not have been possible, nor would the mill have been operating at design capacity within six months of start-up.

Situated on a vast land package in one of the fastest-growing gold regions in the world, Essakane has significant opportunity for expansion. In 2011, pending the favourable outcome of a feasibility study, we plan to begin an aggressive expansion program, which is expected to increase the current average production estimate of 315,000 ounces to between 450,000 and 470,000 ounces per year.

A New Strategic Plan to Unlock Value

With Essakane up and running, 2011 will be the year we accelerate organic growth and unlock the hidden value of our assets. We know our stock trades at a discount to our peers, and this is as troubling to us as it is to our shareholders.

Over the past few months we have looked closely at how the market values IAMGOLD. The market is not attributing fair value to our minority interests in West Africa and our niobium mine in the Canadian province of Quebec. As a result, we have launched a new strategic plan to maximize return on capital and address valuation. This plan has four key strategies:

1. Advance Organic Development

First, we will advance organic development at, and within close proximity to, existing ore bodies at Rosebel, Essakane and Westwood, where we have well-established infrastructures. This is our core focus and where we can create the most value. It's less risky and more cost effective to focus on proven gold districts where the geology is well understood. Expansion of the Rosebel mine will begin this year, a feasibility study to expand Essakane is underway, and the Westwood project is on track to begin commercial production in early 2013.

2. Restructure our Portfolio of Mining Assets

Second, we are changing the mix of our asset portfolio. IAMGOLD's mining assets range from projects wholly owned and operated by us to projects in which we have a small minority interest. The common denominator of our high-margin, high-growth projects is that we are the operator and majority owner. Presently, the mines that we own produce approximately 70% of attributable gold production. Our objective is to restructure our portfolio of assets so that close to 90% of attributable gold production comes from mines owned by IAMGOLD.

The advantage of being the owner is that you can better manage the deployment of capital. Your hands are not tied, so you can effect changes to improve performance and advance projects forward at a faster rate. At our 95% owned Rosebel mine, for example, the Company is moving ahead with a seven-year mine optimization plan which is expected to generate an estimated 60% return on capital. As the owner, we call the shots and can advance the project at our own pace.

3. Unlock the Value of Niobec

The third leg of our strategic plan is to unlock the hidden value of Niobec. IAMGOLD is one of only three major niobium producers in the world and the only one in North America. Despite niobium representing a significant portion of operating cash flow, we are viewed as a pure gold company. We are exploring several options to move this undervalued asset outside of our core gold-driven business, where it will shine on its own. The 34% increase in niobium reserves in 2010 from 2009 further reinforces our strategy to unlock the value of this long-life asset.

4. Focus on Exploration Opportunities in Select Geographic Regions

While expanding our existing assets is the most cost-effective way to grow, our exploration group remains focused on select under-explored regions where there is good potential to discover long-life assets. We target ore bodies with at least 2 million ounces in reserves and that have the potential to produce more than 150,000 ounces annually. With an interest in more than 20,000 square kilometres of mineral lands in nine countries in West Africa and the Americas, our fourth strategy is to continue to maintain a robust pipeline of highly prospective exploration projects.

Effective Leadership

These strategies support our goal of having a stable of long-life, low-cost mines, with close to 90% of attributable gold production coming from mines owned by IAMGOLD. As this letter is being written, the leadership team is putting these strategies into action. My predecessors did an outstanding job of assembling a balanced and well-seasoned executive team. Collectively, this group has expertise in developing and operating mines, liaising with foreign governments and fostering strong community relations. They know how to build, strengthen and grow a company. The result: a talented and productive workforce, a portfolio of long-life producing mines, a strong cash flow profile, a debt-free balance sheet and a commitment to safety and sustainability.

On a final note, and a very important one, we have not forgotten that our achievements in 2010 were overshadowed by the death of an employee at our Niobec mine. And, in February of this year we lost an employee of a contractor at our Rosebel mine in Suriname. We are saddened by these tragic accidents – a solemn reminder of the need to remain vigilant to the hazards of mining. Of all the performance metrics against which we measure success, none is more important than safety.

With the continued hard work and dedication of our people, I’m confident 2011 will be the year we unlock value, enriching the lives of all our stakeholders.

Stephen J.J. Letwin
President and Chief Executive Officer

Q: What do you consider IAMGOLD's greatest strength?

Steve: Our people. Whether travelling to our mines or walking the floors of the corporate offices, from what I've seen and heard, the IAMGOLD people are proud to be part of this Company. They're motivated. They're resourceful. They want to be the best. And that's good for shareholders.

Q: What do people not know about you?

Steve: I have a strong bias for action. I believe a company should take the time to weigh its options carefully, but once the optimum strategies for creating shareholder value are determined, implement them with a sense of urgency.

Q: What is your vision and how do you plan to increase shareholder value?

Steve: I would like to see IAMGOLD with a stable of long-life, low-cost mines which we both own and operate. To increase shareholder value we have a new four-part strategic plan. First, we will focus on organic growth opportunities at our core assets – Rosebel, Essakane and Westwood. Second, we will restructure our asset portfolio to one in which 90% of attributable gold production will come from mines that we own, compared to approximately 70% today. Third, we plan to unlock the full value of our niobium asset, which is not reflected in our share price. And finally, we will continue our exploration and development efforts, focusing mainly on geographic regions we know best.

Q: If you accomplish all that, won't IAMGOLD become a takeover target for a larger competitor?

Steve: Our goal is to maximize shareholder value. We believe our new strategic plan will achieve that goal. Our best defence is a strong share price.

Q: How should investors think about Niobec?

Steve: Niobec is a long-life asset that generates significant cash flow, yet our share price does not reflect its full value. The issue is that niobium is a rare metal not that well understood by investors. It is a high-strength, low-weight additive that is crucial in the production of high-grade steel. There is strong demand for this metal used in the production of cars, pipes and structural products, with China being the fastest growing market. We believe that growth in steel production will continue to support high niobium prices.

EXCELLENCE IN RESULTS

2010 Objectives	**Achieve/exceed gold production and cost guidance of 940,000 to 1,000,000 ounces at cash costs between $490–$510 per ounce.**	**Build our financial strength.**	**Deliver Essakane on budget and on or ahead of schedule.**
2010 Results	Produced 967,000 ounces of gold at an average cash cost of $574 an ounce.	Increased cash, cash equivalents and gold bullion by 37% to $411 million and our line of credit by $210 million to $350 million.	Essakane commenced commercial production well ahead of schedule and on budget.
2011 Key Objectives			
Increase market valuation to the average of our peer group in the gold sector.	**Achieve/exceed gold production target of between 1.1 and 1.2 million attributable ounces at a cash cost of between $565 and $595 per ounce.**	**Achieve/exceed niobium production target of between 4.5 and 5.0 million kilograms at a margin of between $15 and $17 per kilogram.**	**Strengthen our leadership bench strength and acquire and retain the top talent in the industry.**

ESSAKANE GOLD MINE

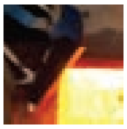
Executive Leadership Team (L to R)

Gordon Stothart Executive Vice President and Chief Operating Officer
Carol Banducci Executive Vice President and Chief Financial Officer
Larry Phillips Executive Vice President, Corporate Affairs
Michael Donnelly Senior Vice President, Exploration
Steve Letwin President and Chief Executive Officer
Jeffery Snow Senior Vice President, General Counsel
Paul Olmsted Senior Vice President, Corporate Development
Lisa Zangari Senior Vice President, Human Resources

Advance our other development projects on schedule and on budget.	**Build our reserves and resources to replace or exceed depletion.**	**Build our project pipeline through acquisitions and greenfield exploration.**	**Continue our commitment to Zero Harm.**
Westwood on schedule with commercial production planned for early 2013. Completed Niobec expansion.	Increased gold reserves by 13% to 16.4 million ounces, and niobium reserves by 34% to 243.8 million kilograms.	Successfully advanced the Charmagne discovery and defined 20+ drill-ready targets for 2011.	One fatality; “Days Away” injury rate of 0.58 (per 100 workers); no significant environmental or community accidents.
			
Continue to build our pipeline of potential targets for accretive acquisitions.	**Grow reserves and resources to exceed depletion through organic development.**	**Generate new projects and advance existing projects to the development stage through greenfield exploration.**	**Continue our relentless commitment to Zero Harm.**

Message from **Gordon Stothart,** Executive Vice President and Chief Operating Officer

ESSAKANE GOLD MINE



EXCELLENCE IN OPERATIONS

Extracting minerals from the earth safely and efficiently is our core competency. For a mid-tier gold producer, IAMGOLD is still a young company. We haven't lost that entrepreneurial edge. We're driven to be great miners – to mine and process ore as cost efficiently as we can. Towards that end we have built a culture committed to continuous improvement and excellence in execution.

Continuous improvement encompasses many elements designed to improve the way we work. Its benefits are far reaching, and a strong continuous improvement culture forces you to regularly challenge the status quo. We use sophisticated tools to determine optimum strategies for mining our assets and improving the efficiency of our mining processes. We are diligent about managing production costs and implementing cost-control initiatives to increase profitability. While profitability is a key focus, it must be balanced with the need to protect our people, our environment and the communities within which we operate.

We will never compromise our commitment to operating under the Zero Harm framework. We demand strong, visible safety leadership from our site management teams and conduct rigorous training programs and reviews. This is essential to make the workplace safer and to improve the ability to spot and solve problems before they result in an incident.

IAMGOLD's first-rate continuous improvement program fosters an environment where everyone works smarter, harder and safer. That benefits all stakeholders.

Gordon Stothart
Executive Vice President and Chief Operating Officer

Tools to Maximize Operating Efficiency

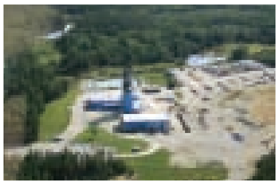
Strategic Resource Development Planning (SRDP) enables mine planners to assess various long-term strategies for mining resources based on limited drill data. It works by generating a matrix of high-level "what-if" scenarios, with the preferred case carried through to detailed analysis. By simulating the re-engineering of deposits to map out the best ways to develop them, we can challenge assumptions and avoid tunnel vision in our approach. At Rosebel, we applied SRDP to identify the optimal strategy to address the increasing proportion of hard rock against a backdrop of a steadily increasing resource. As a result, our long-term plan has been designed to optimize life-of-mine net present value by investing in increased grinding capacity and incrementally expanding the overall throughput capacity. This analysis can also help determine the appropriate course of action when we experience a significant resource expansion or when there is a significant change in gold prices.

Value Stream Mapping (VSM) is used to identify opportunities to improve an operation from start to finish. The objective is to eliminate wasted time, wasted material and wasted money. VSM works by creating a map of the process and pinpointing problems with work flow, such as production bottlenecks. Once the necessary changes are determined, a future map is generated to depict the improved process. This enables us to lay out the required resources and the timeline for executing improvements. It also ensures that we focus on improving the steps in the value chain that will deliver the most meaningful improvement to the process. The same mapping tool can also be applied at the micro level, focusing on activities such as drilling and blasting. At Niobec, we used VSM to match an increase in mill capacity with hoisting capacity. As a result, milling capacity increased by 24%.

Focusing on Margins

At IAMGOLD we monitor our margins closely. Given the nature of our business, they are a more important performance metric than stand-alone cash costs. Higher costs are correlated with higher gold prices. As prices rise, lower grades of ore become more economical to mine. By mining these previously uneconomical portions of our resource base we can optimize the ore deposit and extend the life of the mine. Although we experience an increase in associated costs, we benefit from an increase in cash flow. By understanding the correlation between gold prices and production costs, while retaining operational flexibility, we can react accordingly to movements in the price of gold to expand or protect our margins.

OPERATING MINES AT-A-GLANCE



Mouska Gold Mine
Quebec

Niobec Niobium Mine
Quebec

Rosebel Gold Mine
Suriname (95%)

Sadiola Gold Mine
Mali (41%)

Yatela Gold Mine
Mali (40%)

Development Projects

Westwood
Quebec

Quimsacocha
Ecuador

Essakane Gold Mine
Burkina Faso (90%)

Tarkwa Gold Mine
Ghana (18.9%)

Damang Gold Mine
Ghana (18.9%)

Mupane Gold Mine
Botswana

IAMGOLD Production	**2010**	2009	2008
Gold production (ounces)	**967,000**	939,000	997,000
Average realized gold price ($/oz)	**1,252**	960	855
Cash cost ($/oz)	**574**	461	459
Niobium production (millions of kg)	**4.4**	4.1	4.4
Niobium margin ($/kg)	**18**	20	19

OUR PLATFORM FOR GROWTH

Rosebel Mine Suriname

IAMGOLD ownership	95%
P&P reserves (oz)[1]	5,892,000
M&I resources (oz)[1]	7,531,000
2010 production (oz)	395,000
Estimated mine life (years)	12+

Westwood Project Canada (Quebec)

IAMGOLD ownership	100%
Indicated resources (oz)	269,000
Inferred resources (oz)	3,467,000
Estimated mine life (years)	16
Planned start-up	2013

(1) Attributable, as at December 31, 2010
P&P – Proven and Probable
M&I – Measured and Indicated

The Americas

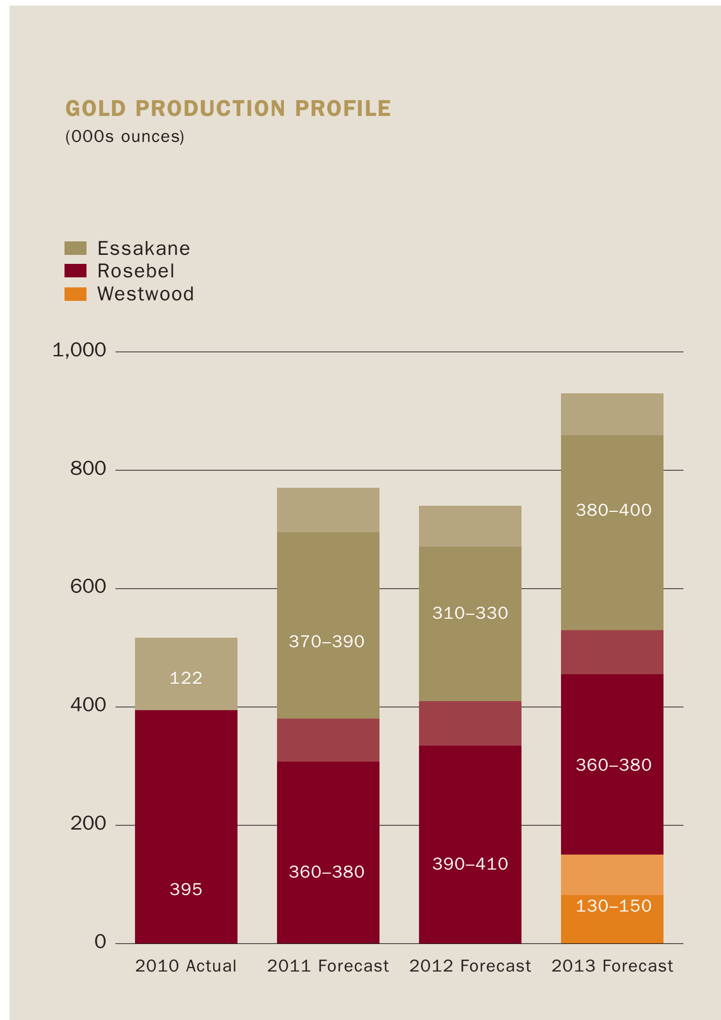
Renaud Adams
Senior Vice President,
Operations, Americas

IAMGOLD’S portfolio of core gold assets are world class in every respect – close to a million ounce platform that will power future growth and provide shareholders with the greatest returns.

Essakane Mine Burkina Faso

IAMGOLD ownership	90%
Probable reserves (oz)[1]	4,015,000
Indicated resources (oz)[1]	4,351,000
2010 production (oz) (Jul.–Dec.)	122,000
Estimated mine life (years)	12+

(1) Attributable, as at December 31, 2010



GOLD PRODUCTION PROFILE
(000s ounces)

Africa

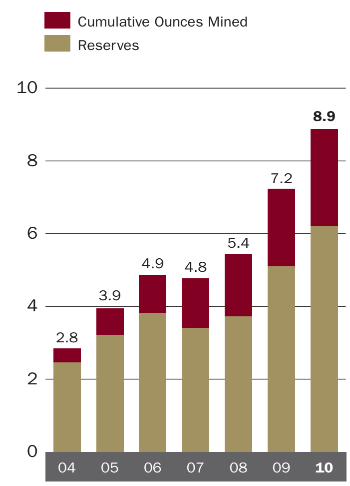
Brian Chandler
Senior Vice President,
African Operations

Rosebel – A Star Performer with Significant Expansion Potential

Producing 395,000 ounces of gold in 2010, the Rosebel mine has been a huge success. Since 2004, when the mine commenced operation, 2.7 million ounces of gold have been mined (on a 100% basis) and reserves grew by 3.7 million ounces to 6.2 million ounces as of December 31, 2010. With net reserve growth outpacing cumulative ounces of gold mined by 37%, the potential for continued growth is substantial.

Our focus going forward is on mine optimization. In 2010, we increased the number of leach tanks by 25% to accommodate a significant increase in throughput, the result of the previous year's mill expansion exceeding design capacity. This year, we are embarking on an aggressive expansion plan that is expected to increase annual production to 400,000 to 450,000 ounces. Spread out over the next seven years, we will invest a further $185 million in this program. With additional grinding capacity and mining equipment, we will be able to maintain mill throughput between 12 and 14 million tonnes per year, offsetting the impact of an ore mix trending towards a higher proportion of hard rock. The expansion will bring gold production forward in time and lower our long-term fixed costs by accelerating the rate of production.

ROSEBEL MINE RESERVES AND OUNCES MINED
(million ounces of gold)



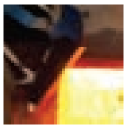
ROSEBEL GOLD MINE

Essakane – Ramp Up to Production with Expansion Plans

Essakane was the operating highlight of 2010. In the fourth quarter the mine produced 80,000 ounces of gold. Probable gold reserves at the end of the year were more than 4 million attributable ounces. We estimate that after the first three years of processing soft rock, there will be nine years of hard rock processing. A mine expansion feasibility study is underway to demonstrate that by doubling hard rock processing capacity to 10.8 million tonnes, we would increase annual gold production from an estimated 315,000 ounces to 450,000 to 470,000 ounces. Pending the favourable outcome of the study, construction is expected to begin as early as the fourth quarter of 2011.

Message from **Denis Miville-Deschênes,** Senior Vice President, Project Development

WESTWOOD



EXCELLENCE IN DEVELOPMENT

As IAMGOLD's Senior Vice President, Project Development, my role is to bring projects to life. Once it has been determined that a deposit can be mined profitably, the project enters the development stage. This is the exciting period when we must decide what has to be designed and built to achieve high performance, optimum costs and minimum risks at the operational level, while adapting well to a variety of local cultures and environments. Once we mobilize for the construction of a project, the human and financial resources required are daunting, and proven project management skills and meticulous attention to detail are critical to ensure projects are completed on schedule and on budget.

Behind every successful development project is an outstanding development team. The IAMGOLD team has the depth of knowledge and experience needed to carry projects through to completion, ensuring the most efficient use of time and resources. Each new project provides us with challenges and opportunities to improve our development model, therefore better equipping us to anticipate and address future challenges.

The Essakane mine is a case study in development excellence. When the mine was gearing up for production, the Doyon mine in the province of Quebec was winding down. Several long-term employees from Doyon, including the current General Manager, Langis St-Pierre, relocated to Essakane where their technical expertise was invaluable in training the plant operators and supporting the start-up of the mine. This resulted in Essakane ramping up ahead of schedule and above design capacity.

Our Westwood development project, with an inferred resource of 3.5 million ounces of gold and an estimated mine life of 16 years, is well on track to becoming an operating mine in early 2013. Throughout 2010 we made good progress – including the completion of the raise for ventilation and the sinking of the shaft another 600 metres to reach a depth of 1,063 metres. This year, we will sink the shaft another 500 metres and construct a surface waste silo enabling ore development to begin at the end of 2011.

When you consider our achievement at Essakane and the promising outlook for Westwood, it's clear that the hallmarks of our development success are a proven business model and a team with a passion for excellence.

Denis Miville-Deschênes

Denis Miville-Deschênes
Senior Vice President,
Project Development

Message from **Michael Donnelly,** Senior Vice President, Exploration

EXCELLENCE IN EXPLORATION

IAMGOLD punches above its weight in exploration, the result of a talented group of geoscientists and a commitment that begins at the Board level. Our goal is to find low-cost, long-life deposits with the potential to produce more than 150,000 ounces of gold annually.

We have a focused exploration program, targeting West Africa, portions of the Guyana Shield, the Canadian Shield, and the more prospective gold terranes in Peru, Brazil and Colombia. West Africa remains both highly prospective and under-explored and a focal point of our greenfield efforts. Essakane, in particular, presents substantial opportunities for exploration. It's a secure, district-scale land package with defined exploration targets and significant drill intercepts just beyond the gate of a world-class deposit – representing many years of excellent value.

With gold prices setting new record highs throughout 2010 and expectations for continued high prices in the next few years, we remain committed to greenfield exploration and near-mine resource delineation programs at our existing sites.

In 2010, we invested $86 million in exploration projects, drilling a record 300-plus kilometres. Of the total investment, 56% was for near-mine exploration at existing sites and 44% for greenfield exploration – a solid balance that speaks to the remaining potential of our operating sites and our commitment to organic growth.

Building on our solid results for 2010, we will invest $92 million in our exploration program in 2011, with $48.5 million for near-mine exploration and development and $43.5 million for greenfield projects.

We will continue to pursue near-mine exploration opportunities near Rosebel, extending the limits of the known resources and testing new concepts. We are planning an aggressive 95,000-metre drill program in 2011 to follow up on additional targets in the vicinity of known deposits. And at our Charmagne gold discovery, 16 kilometres north of the Rosebel mine, we expect to complete a preliminary concept study in the first quarter of 2011 that will underpin the technical basis for a constrained in-pit inferred resource.

With our greenfield program we are planning a record 118,000 metres of drilling, as well as a further 46,000-plus metres of air core drilling at Essakane. Our primary objectives at Essakane are to expand the northern limits of the current main zone resource beyond the Gorouol River and to examine newly identified targets for oxide resources.

With an aggregate land position exceeding 20,000 square kilometres, excluding the joint ventures that we don't operate, there is substantial room to grow in a very competitive environment where access to large prospective land positions is becoming increasingly rare.

Michael Donnelly
Senior Vice President,
Exploration

Aggressive Programs for Advanced Exploration Projects

Kalana Project in Mali (joint venture with Avnel Gold Mining Limited)

The exploration group achieved a significant exploration milestone with the development of a predictive geologic model. Significant gold mineralization has been intersected beyond the limits of the small, high-grade underground mine operation and on the Kalanako satellite zone, approximately 3 kilometres northeast of Kalana. Systematic drilling in 2011 amounting to 34,500 metres is designed to develop a resource estimate.

In addition, in December 2010, the Company entered into an option agreement to acquire an initial 51% interest in a 147-square-kilometre concession package immediately south of the Kalana Mine Permit, effectively consolidating an impressive 534-square-kilometre land package. A detailed airborne magnetic survey by the Company revealed regional structural controls on gold mineralization extending southwards from Kalana through the 20-kilometre-long land package.

Siribaya Project in Mali (joint venture with Merrex Gold)

Drilling to date has focused on 4 kilometres of an 8- to 9-kilometre gold mineralized structural corridor hosting an established resource. In 2011, a minimum 17,000 metres of drilling is planned to test the mineralization on wide-spaced sections.

Acquisition and exploration of projects with an established resource within a large land package is a key strategic driver for our exploration group, and both advanced projects fit squarely within that aim.

IAMGOLD's 2010 Exploration Program	Metres	$ Millions
Near-mine exploration and development		48.7
• Rosebel	94,000+	
• Essakane – resource delineation drilling	40,000+	
• Essakane – near-mine exploration	30,000+	
Greenfield exploration		37.6
• 16 projects		
• 10 countries in Africa and the Americas		
Total		86.3

Message from **Ross Gallinger,** Senior Vice President, Health, Safety and Sustainability

EXCELLENCE IN HEALTH, SAFETY & SUSTAINABILITY

At IAMGOLD, conduct is governed by a single principle – Zero Harm. At the end of each day, we ask ourselves: Are we doing enough to protect our employees from harm? Are we doing enough to minimize our footprint on the environment? And are we doing enough to give back to our host communities? There is nothing we would like more than to look back at our health, safety and sustainability record and report Zero Harm.

Are we doing enough to protect our employees from harm?

Recently, IAMGOLD joined the Mining Safety Roundtable, an industry forum for the leaders who are most focused on safety. We have received accolades for our innovative programs to improve safety performance. Our *Mind Body Achievement* program, for example, has been a success in promoting safe behaviour in the workplace. After implementation last year at two construction projects, the results were excellent. Project teams building the expansion tanks at Rosebel and the mill expansion at Niobec completed construction without any injuries. I am also delighted to report that Mouska continued with its record safety performance, having gone almost 700 days without any compensable claims for on-the-job injuries as of the end of 2010.

Overall, our safety performance record in 2010 was not where we wanted it to be. Company-wide, there were 9% more injuries (total recordable incident rate) than in 2009. We deeply regret the deaths of an employee at our Niobec mine last year and an employee of a contractor at our Rosebel mine in 2011, and have extended support to their families. When tragedies occur, our focus is on understanding the cause behind the accident and sharing that knowledge with all our operations. And we step up our efforts to drive home the importance of ongoing vigilance and safe work practices. The cornerstone of a first-rate safety program is accident prevention through hazard management.

Are we doing enough to minimize our footprint on the environment?

As with safety, protecting our environment requires a concerted effort by everyone. We were proud of the effort made by employees at Westwood and Essakane last year to earn their ISO 14001 Environmental Management System certification. This is significant, as it provides them with a formal system for implementing strategies to reduce the negative impact of their operations on the environment.

This year we are excited about launching our new biodiversity strategy. This initiative will improve our ability to assess the impact of our operations on various ecosystems and help to focus our rehabilitation efforts. We look forward to reporting more about this to you as the year progresses.

Are we doing enough to give back to our host communities?

Our $465 million investment in developing and commissioning Essakane was the largest investment in the history of Burkina Faso. With that comes huge responsibility, which we take very seriously. We have developed strong relationships with our host community and have funded initiatives to improve its standard of living. In 2010, we completed the relocation of more than 13,000 people in accordance with the International Finance Corporation's (IFC) Social and Environmental Performance Standards. Part of the resettlement activities included the construction of a new school and the drilling of 38 functional wells in the villages to ensure an abundant supply of safe drinking water.

Our efforts have not gone unnoticed. In 2010, we received the Corporate Sustainability Award at Canada's Annual CSR Conference. This was in recognition of our Zero Harm vision and our strong partnerships with more than 28 community and non-governmental organizations in our host countries. Since beginning international activities more than 20 years ago, IAMGOLD has focused on the long term, minimizing any negative impact associated with its activities and sharing the financial benefits of success with our host communities.

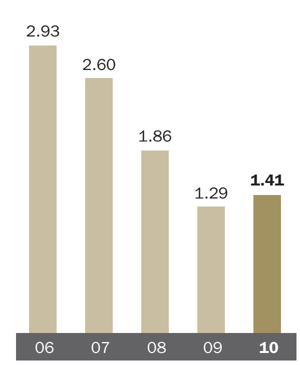
Our goal this year remains unchanged – to achieve Zero Harm in all that we do. Thank you to all our employees for their tireless efforts to move us closer to making this a reality.

Ross Gallinger
Senior Vice President,
Health, Safety and Sustainability

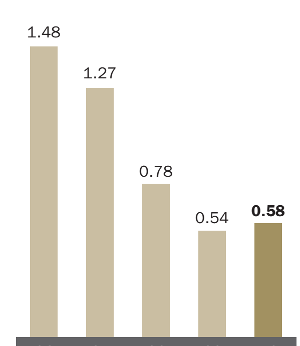
Community Development Initiative – Improving Livelihoods

When we move into communities in our host countries we make an effort to give something back. One of the ways we can do that is by bettering the lives of the people who live there. Some of our most successful initiatives are those in which our own employees have identified an opportunity for us to partner with other interested groups in the community. Last year, acting on an idea from one of our local employees, we partnered with Kersten (www.kersten.sr) and the Caribbean Heavy Equipment Educational Center (www.cheec.net) to develop an equipment training program and a technical school at our Rosebel operation in Suriname. Through this partnership, we are able to provide people in seven surrounding communities with the skills needed for a variety of careers, including jobs at Rosebel.

TOTAL RECORDABLE INCIDENT RATE
(per 100 workers per year)



DAYS AWAY ACCIDENT RATE
(per 100 workers per year)



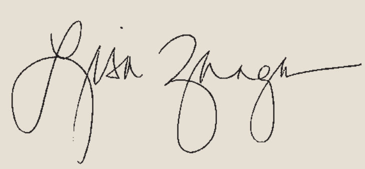
EXCELLENCE IN HUMAN RESOURCES

In 2010, for the first time, we took the collective pulse of our workforce. We wanted a better sense of whether our culture was empowering employees and motivating them to do their best. Completed by 82% of our workforce, the Employee Engagement Survey indicated a job satisfaction rate of 74%. Our people told us that the key drivers of job satisfaction were the opportunity for career advancement and leadership, along with IAMGOLD's commitment to excellence in sustainability practices. As Senior Vice President, Human Resources, the results of the survey were personally gratifying.

The focus of our human resources strategy is to attract, develop and retain the best people for a growing and diverse organization. As we seek to build a pipeline of talent for our global operations, we are up against a "war for talent" that is becoming more challenging with an aging workforce. The best people want to work for the best companies. We need to be perceived as the employer of choice, and we are succeeding. When we ask employees what attracted them to IAMGOLD, they tell us it was the competitive compensation, a performance-based reward system, the opportunity for career progression and corporate values that align with personal values. Our success at attracting and retaining the best talent reflects an enticing value proposition.

IAMGOLD has more than 5,000 employees who are engaged, committed and accountable. We have worked hard to build a performance-based culture that facilitates personal growth, teamwork, continuous improvement and innovation. Our diligent performance management process is designed to help employees excel. We provide opportunities for career progression and the optimization of individual talents. Many of our employees benefit from mentoring programs, job exchanges and special project management assignments. These initiatives often reveal hidden leadership talent within the organization. Recognizing and developing leadership capabilities in our employees is critical to succession planning. This, together with our relationships with universities and mining schools all over the world, ensures that we have access to the talent necessary to build the leadership "bench strength" for tomorrow.

We have great people. They are hard working and committed to IAMGOLD. Our commitment to them is to continue evolving a culture that supports empowerment and inspires innovation. Satisfied employees are productive employees. Their goals are aligned with corporate goals. And when employees are not just working for you, but are working with you to achieve the corporate goals, then you have the bench strength to drive superior performance.



Lisa Zangari
Senior Vice President,
Human Resources

EXCELLENCE IN FINANCIAL MANAGEMENT

IAMGOLD is experiencing rapid growth – fuelled more today by success in capitalizing on attractive organic growth opportunities than by acquisitions, which drove growth in the early years. Managing rapid growth requires greater financial discipline across the organization. As Chief Financial Officer, my focus is on building and preserving a strong balance sheet, prudently managing our financial resources, and maximizing return on capital.

Our growth through 2010 was guided by a number of performance objectives – among them, grow production to 940,000 to 1,000,000 ounces of gold, start up Essakane on time and on budget, build reserves to outpace depletion, and advance our development projects. By the end of the year, we had delivered. The result: strong financial performance and a solid balance sheet.

Contributing to our success is a sound financial management strategy focused on managing risk, controlling costs, and allocating capital to projects with the greatest potential for attractive returns.

We bring much discipline to risk management. Our business is impacted by fluctuations in gold prices, commodity prices, fuel costs and exchange rates. We monitor these external variables closely and, if necessary, implement measures to offset any negative impact. In 2010, we entered into option contracts that hedged 28% of the Company's exposure to the Canadian dollar and 50% of our exposure to the euro. We also hedged 50% of planned fuel requirements at the Rosebel, Essakane, Mupane, Sadiola, and Yatela operations, and 23% of our planned consumption of aluminum at the Niobec mine. However, with respect to our exposure to gold prices, the Company's general policy is not to hedge gold production, thereby enabling investors to benefit from the upside potential.

In addition to specific strategies to mitigate the risks inherent in our business, we have an effective risk management system that ensures the integrity of our financial reporting process, internal audit procedures, and accounting controls.

On the cost side, we have been diligent about building a cost-conscious culture. We practise conservative cash management and seek innovative ways to improve business processes and eliminate waste and duplication. To further reduce our cost structure, we continue to implement continuous improvement initiatives at our mine sites and to invest in processes and equipment to enhance operating efficiency.

We follow a rigorous process to evaluate potential development and expansion projects. Our objective is to deploy capital where it will generate the highest returns. The majority of our $460 million capital budget for 2011 will be spent on advancing Westwood and expanding our low-cost, long-life Rosebel, Essakane and Niobec mines.

The same financial rigour underlies our acquisition strategy. Applying stringent criteria, we will evaluate attractive acquisition opportunities, but only consider those that are aligned with our strategic focus and that would be accretive to earnings.

With a value of $411 million in cash and gold bullion, a $350 million line of credit and an outstanding cash flow profile, we have significant financial flexibility to internally fund our growth initiatives. As always, we will continue to manage growth with the financial discipline to which we are accustomed – a sharp focus on managing risk, controlling costs and generating maximum return on capital.

Thank you to our investors for their continued confidence in the future growth prospects for IAMGOLD.

Carol Banducci
Executive Vice President and
Chief Financial Officer

DIRECTORS

William D. Pugliese
Chairman, IAMGOLD Corporation
Aurora, Ontario

Derek Bullock[3]
Corporate Director
Fenelon Falls, Ontario

John E. Caldwell[1,2]
President and
Chief Executive Officer
SMTC Corporation
Toronto, Ontario

Donald K. Charter[1,2,3]
Corporate Director
President, 3Cs Corporation
Toronto, Ontario

W. Robert Dengler[2,4]
Corporate Director
Aurora, Ontario

Guy Dufresne[4]
Corporate Director
Boucherville, Quebec

Peter C. Jones
Management Consultant
and Corporate Director
Toronto, Ontario

Mahendra Naik[1,2]
Chief Financial Officer,
Fundeco Inc.
Private Investment
Chartered Accountant
Unionville, Ontario

John Shaw[4]
Corporate Director
Sydney, Australia

1 Member of the Audit and Finance Committee

2 Member of the Human Resources and Compensation Committee

3 Member of the Nominating and Corporate Governance Committee

4 Member of the Environmental, Health and Safety Committee

OFFICERS

Stephen J.J. Letwin
President and Chief Executive Officer

Carol T. Banducci
Executive Vice President and
Chief Financial Officer

P. Gordon Stothart
Executive Vice President and
Chief Operating Officer

Larry E. Phillips
Executive Vice President, Corporate Affairs

Renaud Adams
Senior Vice President, Operations, Americas

Brian Chandler
Senior Vice President, African Operations

Michael Donnelly
Senior Vice President, Exploration

Ross Gallinger
Senior Vice President,
Health, Safety and Sustainability

Denis Miville-Deschênes
Senior Vice President, Project Development

Paul B. Olmsted
Senior Vice President,
Corporate Development

Jeffery A. Snow
Senior Vice President, General Counsel

Lisa Zangari
Senior Vice President, Human Resources

Pierre Pelletier
Vice President, Metallurgy

Brian Trnkus
Vice President and Corporate Controller

Timothy Bradburn
Associate General Counsel and
Corporate Secretary

CORPORATE OFFICE

IAMGOLD Corporation
401 Bay Street, Suite 3200
P.O. Box 153
Toronto, Ontario M5H 2Y4
Canada
T: 416 360 4710
TF: 1 888 464 9999
F: 416 360 4750

REGIONAL OFFICE

Quebec
IAMGOLD Corporation
1111 St. Charles Street West
East Tower, Suite 750
Longueuil, Quebec J4K 5G4
Canada
T: 450 677 0040
TF: 1 866 677 0040
F: 450 677 3382

OPERATIONS OFFICES

Suriname
Rosebel Gold Mines N.V.
Herenstraat NR 8
Paramaribo, Suriname
T: +(597) 422 741
F: +(597) 478 447

Ecuador
IAMGOLD Ecuador S.A.
El Tiempo N37-67 y el Comercio
Quito, Ecuador
T: +(593) 2 2468 673
F: +(593) 2 2253 578

Botswana
Mupane Gold Mining (Pty) Ltd.
Farm 75 – NQ
Northeast District
Botswana
T: +(267) 244 1700
F: +(267) 244 1699

Burkina Faso
Essakane S.A.
146, rue 13.49, quartier Zogona
09 BP 11 Ouagadougou 09
Burkina Faso
T: +(226) 50 36 91 44
F: +(226) 50 36 09 24

Canada
Niobec Mine
3400, route du Columbium
Saint-Honoré-de-Chicoutimi,
Quebec G0V 1L0
Canada
T: 418 673 4694
F: 418 673 3179

Mouska Mine
110, Chemin de la Pause
Cadillac, Quebec J0Y 1C0
Canada
T: 819 759 3664
F: 819 759 3665

EXPLORATION OFFICES

Brazil
IAMGOLD Brazil S.A.
Rua Fernandes Tourinho, 147 Sala 902
Funcionarios CEP 30112-000
Belo Horizonte-MG
Brazil
T: +(55) 31 3282 6690
F: +(55) 31 3282 6685

Peru
IAMGOLD Peru S.A.
Av. José Casimiro Ulloa 312,
Urbanización San Antonio
Miraflores, Lima 18, Peru
T: +(511) 610 7800
F: +(511) 610 7801

Colombia
IAMGOLD Colombia
Carrera 3, 113-52
Bogota, Colombia
T: +(57) 1 619 5610

Burkina Faso
IAMGOLD Burkina Faso
99, rue 13.50, quartier Zogona
12 BP 168 Ouagadougou 12
Burkina Faso
T: +(226) 5036 3947

Mali
IAMGOLD/AGEM
3503 Avenue el Quods, BP 2699
Bamako, Mali
T: +(223) 2021 2042

Quebec
IAMGOLD Corporation
847, 3e Avenue, Suite 200
Val-d'Or, Quebec J9P 1T2
Canada
T: 819 825 7500
F: 819 825 7007

Senegal
IAMGOLD/AGEM
Route des Almadies, Zone 9, Villa 20
Dakar, Almadies, Senegal
T: +(221) 22 820 2533
F: +(221) 33 820 3283

Suriname
Rosebel Gold Mines N.V.
Herenstraat NR 8
Paramaribo, Suriname
T: +(597) 422 741
F: +(597) 478 447

TRANSFER AGENT AND REGISTRAR

Computershare Trust Company of Canada
100 University Ave., 9th Floor, North Tower
Toronto, Ontario M5J 2Y1
T: 416 263 9200
TF: 1 800 564 6253
www.computershare.com
service@computershare.com

AUDITORS

KPMG LLP

SHARES LISTED

Toronto Stock Exchange:
Symbol: IMG

New York Stock Exchange:
Symbol: IAG

Botswana Stock Exchange:
Symbol: IAMGOLD

COMPANY FILINGS

www.sedar.com
www.sec.gov

SHARES ISSUED

At December 31, 2010
Total outstanding: 373 million
Fully diluted: 375 million

TRADING PRICE

12-month trading range
January 2010 to December 2010
TSX: C$13.46 to $20.13
NYSE: $13.21 to $19.61

ANNUAL MEETING

Wednesday, May 18, 2011 at 4:00 p.m.
Toronto Marriott Downtown Eaton Centre
525 Bay Street
Toronto, Ontario M5G 2L2

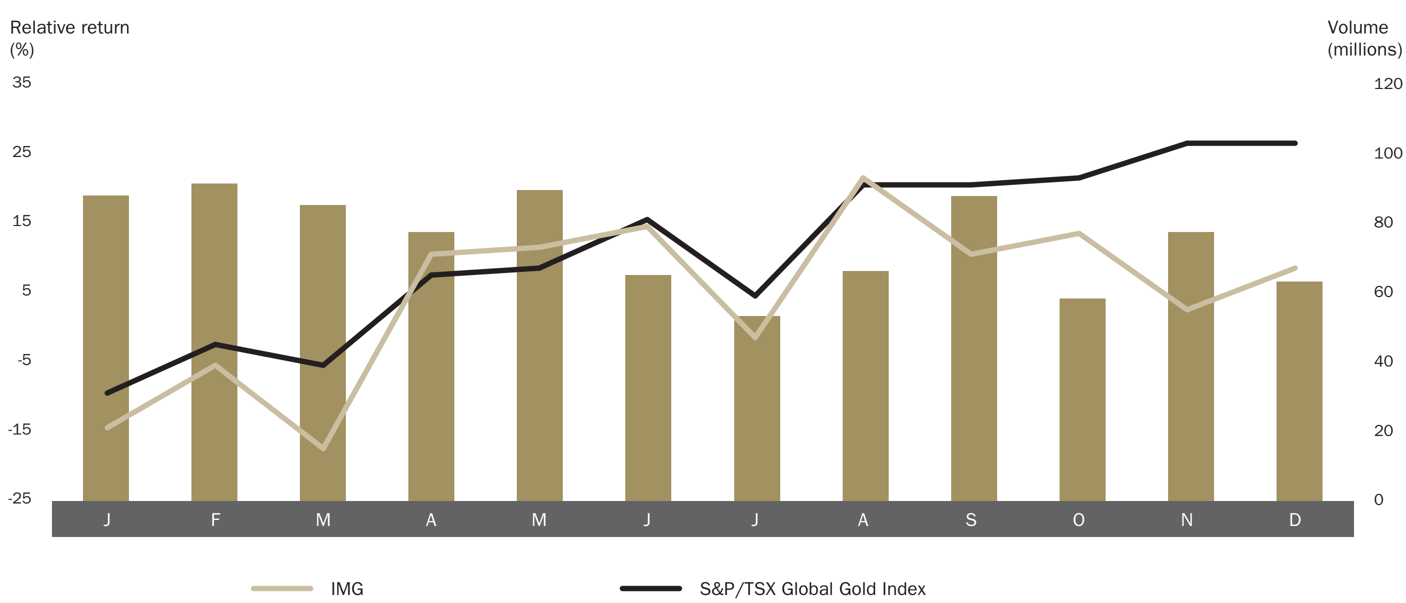
INVESTOR INQUIRIES

Bob Tait
Vice President, Investor Relations
T: 416 360 4743
F: 416 360 4750
E: info@iamgold.com

WEBSITE

www.iamgold.com

2010 RELATIVE SHARE PRICE PERFORMANCE



DESIGN: BRYAN MILLS IRADESSO WWW.BMIR.COM, TORONTO

IAMGOLD CORPORATION

2010 FINANCIAL REVIEW

IAMGOLD CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS

INDEX

The following Management's Discussion and Analysis ("MD&A"), dated March 25, 2011, should be read in conjunction with the Company's annual consolidated financial statements for December 31, 2010 and related notes thereto which appear elsewhere in this report. The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). All figures in this MD&A are in U.S. dollars, unless stated otherwise. Additional information on IAMGOLD Corporation can be found at www.sedar.com or www.sec.gov. IAMGOLD's securities trade on the Toronto, New York and Botswana stock exchanges.

Forward-Looking Statements

CAUTIONARY STATEMENT ON FORWARD-LOOKING INFORMATION

Certain information included in this Management's Discussion and Analysis, including any information as to the Company's future financial or operating performance and other statements that express management's expectations or estimates of future performance other than statements of historical fact, constitute "forward-looking statements." Forward-looking statements are provided for the purpose of providing information about management's current expectations and plans relating to the future. Readers are cautioned that reliance on such information may not be appropriate for other purposes. The words "expect," "will," "intend," "estimate" and similar expressions identify forward-looking statements. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by management, are inherently subject to significant business, economic and competitive uncertainties and contingencies. The Company cautions the reader that such forward-looking statements involve risks, uncertainties and other factors that may cause the actual financial results, performance or achievements of IAMGOLD to be materially different from the Company's estimated future results, performance or achievements expressed or implied by those forward-looking statements, and the forward-looking statements are not guarantees of future performance. These risks, uncertainties and other factors include, but are not limited to changes in the global prices for gold, niobium, copper, silver or certain other commodities (such as diesel, aluminum and electricity); changes in U.S. dollar and other currency exchange rates, interest rates or gold lease rates; risks arising from holding derivative instruments; the level of liquidity and capital resources; access to capital markets, financing and interest rates; mining tax regimes; ability to successfully integrate acquired assets; legislative, political or economic developments in the jurisdictions in which the Company carries on business; operating or technical difficulties in connection with mining or development activities; laws and regulations governing the protection of the environment; employee relations; availability and increasing costs associated with mining inputs and labour; the speculative nature of exploration and development, including the risks of diminishing quantities or grades of reserves; adverse changes in the Company's credit rating; contests over title to properties, particularly title to undeveloped properties; and the risks involved in the exploration, development and mining business. With respect to development projects, IAMGOLD's ability to sustain or increase its present levels of gold production is dependent in part on the success of its projects. Risks and unknowns inherent in all projects include the inaccuracy of estimated reserves and resources, metallurgical recoveries, capital and operating costs of such projects, and the future prices for the relevant minerals. Development projects have no operating history upon which to base estimates of future cash flows. The capital expenditures and time required to develop new mines or other projects are considerable, and changes in costs or construction schedules can affect project economics. Actual costs and economic returns may differ materially from IAMGOLD's estimates or IAMGOLD could fail to obtain the governmental approvals necessary for the operation of a project; in either case, the project may not proceed, either on its original timing or at all.

For a more comprehensive discussion of the risks faced by the Company, refer to the Company's annual MD&A risks and uncertainties section, and the Company's 2010 Annual Information Form, filed with Canadian securities regulatory authorities at www.sedar.com, and filed under Form 40-F with the United States Securities Exchange Commission at www.sec.gov/edgar.html. The risks are described in the Annual Information Form (filed and viewable on www.sedar.com and www.sec.gov/edgar.html, and available upon request from the Company) and incorporated by reference into this MD&A.

The Company disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise except as required by applicable law.

U.S. Investors Should Note

The U.S. Securities and Exchange Commission ("SEC") permits mining companies, in their filings with the SEC, to disclose only those mineral deposits that a company can economically and legally extract or produce. The Company may use certain terms in its publications such as "measured," "indicated" and "inferred" "resources" that are prescribed by Canadian regulatory policy and guidelines but are prohibited by the SEC from use by U.S. registered companies in their filings with the SEC.

Executive Summary

IAMGOLD Corporation ("IAMGOLD," "IMG," or the "Company") is committed to being a global leader in generating superior value for its stakeholders through accountable mining. With respect to corporate social responsibility, IAMGOLD's commitment is to Zero Harm, in every corner of its business. IAMGOLD has recently joined the Mining Safety Roundtable, an industry forum for the industry's leaders who are most focused on safety.

Of all the performance metrics against which the Company measures success, none is more important than safety. The frequency of all types of serious injuries (measured as DART rate[1]) across IAMGOLD during 2010 marginally increased to 0.58, compared to 0.54 in 2009. In 2010, in recognition of its Zero Harm vision of maintaining the highest standards in human health, environmental protection and community support, IAMGOLD was the recipient of the Corporate Social Responsibility award at the Corporate and Community Social Responsibility Conference. IAMGOLD placed third among companies in all industries of the S&P/TSX 60 in the *Globe and Mail's 2010 CSR* rankings. In March 2011, IAMGOLD also received the 2011 Environmental and Social Responsibility Award from the Prospectors and Developers Association of Canada ("PDAC").

Despite the Company's strong focus on safety, in 2010 an employee died as a result of an accident at the Niobec mine in the Canadian province of Quebec, followed by the death in early 2011 of an employee of one of the Company's contractors at the Rosebel mine in Suriname. Management deeply regrets this loss of life and has extended support to their families. Zero Harm is the only acceptable objective.

For 2010, IAMGOLD reported strong gold production, the key driver behind record highs in revenues, net earnings and operating cash flow. The Company posted revenues of $1.17 billion. Net earnings of $279.8 million ($0.75 per share) during 2010 increased by 145% compared to 2009. Adjusted net earnings[2] of $285.7 million ($0.77 per share) during 2010 increased by 68% compared to 2009. Operating cash flow of $415.1 million ($1.12 per share[3]) was used in part to reinvest in the Company's expansion plans and further strengthened its liquidity to fund the future pipeline of projects.

IAMGOLD posted a record quarter for gold attributable production in the third quarter of 2010, which was followed by higher production in the fourth quarter with 315,000 ounces produced, including 80,000 ounces from the new Essakane operation. Attributable gold production of 967,000 ounces and cash cost[2] of $574 per ounce during 2010 were in line with the Company's guidance. The fouth quarter results further support the Company's view that it will produce between 1.1 million and 1.2 million ounces in 2011.

With the successful start-up of the Essakane mine in Burkina Faso on July 16, 2010, IAMGOLD added another low-cost mine, of which the Company is the majority owner and operator. The Essakane mine was the first development project that the Company took into production, proving the strength of the Company's development team as the project was delivered ahead of schedule and effectively on plan.

The Company demonstrated its focus on profitable growth with the following initiatives in 2010:

- The Company launched a feasibility study to review the expansion of the Essakane mine to capitalize on promising near-mine exploration results.
- At Rosebel, innovative production expansion and cost containment initiatives, particularly the additional leach tank project to improve mill recoveries.
- At Niobec, mill expansion and paste backfill plant.

[1] The DART rate refers to the number of Days Away, Restricted Duty or Job Transfer incidents that occur per 100 employees.

[2] Adjusted net earnings and adjusted net earnings per share, cash cost per ounce, and niobium operating margin are non-GAAP financial measures. Refer to the Supplemental Information section attached to the MD&A for reconciliation to GAAP measures.

[3] Operating cash flow per share is a non-GAAP measure and is calculated by dividing the consolidated cash flow from operating activities by the weighted average number of common shares outstanding in the period.

- The completion of a feasibility study on the Sadiola sulphide initiative and, pending review by all of the project's partners, a construction decision that is expected to be made in the first half of 2011.
- The Company has numerous projects underway and is pursuing additional advance exploration opportunities to continue to provide a strong avenue for future growth. Near-mine exploration and resource development expenditures included:
    - A resource expansion and delineation drilling program of more than 94,000 metres at Rosebel;
    - A drill delineation program of more than 40,000 metres at Essakane; and
    - An exploration and resource delineation drilling program for more than 74,000 metres at the Westwood project in the Canadian province of Quebec.
- Westwood and Essakane were granted their ISO 14001 Environmental Management System certification, tangible examples of IAMGOLD's commitment to continuous improvement in all aspects of its work.
- Development continues at the Westwood project. Shaft sinking achieved a depth of 1,063 metres at year end, and the project continues on plan to production in early 2013.
- Disposing of non-strategic assets. In February 2011, the Company sold its interest in the La Arena project for $49 million.

IAMGOLD remains focused on growth and improving value for its stakeholders. In 2011, the Company will continue its strategy of expanding existing operations as the most cost effective way to grow while aggressively looking for new opportunities. The IAMGOLD exploration group remains focused on select underexplored regions, where there is good potential to discover long-life assets, and targets ore bodies annually. With an interest in more than 20,000 square kilometres of mineral lands in nine countries in West Africa and the Americas, the Company will continue to maintain a robust pipeline of highly prospective exploration projects. In addition, IAMGOLD will pursue strategic relationships to unlock value within its existing portfolio of assets and to target new opportunities.

The Company also continued to expand its reserves and resource base through exploration and through various initiatives to drive efficiency. The continued exploration focus on organic growth from the Company's owned and operated sites was instrumental in gold reserves increasing by 13% to 16.4 million ounces. IAMGOLD was also focused on driving efficiency through expansion of production capabilities, new mining processes and continued analysis on cost drivers. These initiatives also benefited the Company's non-gold asset, Niobec, with reserves expansion of 62.5 million kilograms (34%) and a new estimated mine life in excess of 20 years.

A Memorandum of Understanding ("MOU") signed with China National Gold Group Corporation ("China Gold") on March 7, 2011 is an example of the options IAMGOLD is considering to expand its resources in support of its strategy. This MOU confirms the mutual intention of IMG and China Gold to cooperate in the pursuit and development of mineral deposits in the regions of IAMGOLD's focus. Also, IAMGOLD continues to assess the potential of its non-gold assets and ways to unlock the hidden value of Niobec, a 100%-owned niobium mine in the province of Quebec.

With the continued hard work and dedication of people in the Company, IAMGOLD is confident that 2011 will be the year it continues to unlock value.

Overview

IAMGOLD is an established mining and exploration company. IAMGOLD's interests include eight operating gold mines and a niobium producer, a diamond royalty, and exploration and development projects located in Africa and the Americas. IAMGOLD's growth plans are strategically focused in West Africa, select countries in South America and in the Canadian provinces of Ontario and Quebec. The Essakane project began commercial production on July 16, 2010. The Company's advanced exploration and development projects include the Westwood project in Canada and the Quimsacocha project in Ecuador.

The following table highlights the Company's percentage ownership share of producing mines and major exploration and development projects ("E&D").

Site	Operator	Reporting Segment	Geographic Location	IAMGOLD Share 2010	2009	2008
Rosebel mine	IAMGOLD	Gold	Suriname	95%	95%	95%
Essakane mine[(a)]	IAMGOLD	Gold	Burkina Faso	90%	90%	-
Doyon division[(b)]	IAMGOLD	Gold	Canada	100%	100%	100%
Sleeping Giant mine[(c)]	IAMGOLD	Gold	Canada	-	-	100%
Mupane mine	IAMGOLD	Gold	Botswana	100%	100%	100%
Niobec mine	IAMGOLD	Non-gold	Canada	100%	100%	100%
Quimsacocha project	IAMGOLD	E&D	Ecuador	100%	100%	100%
Joint Ventures:						
Sadiola mine[(d)]	AngloGold Ashanti	Gold	Mali	41%	41%	38%
Yatela mine	AngloGold Ashanti	Gold	Mali	40%	40%	40%
Working Interests:						
Tarkwa mine	Gold Fields Limited	Gold	Ghana	18.9%	18.9%	18.9%
Damang mine	Gold Fields Limited	Gold	Ghana	18.9%	18.9%	18.9%

(a) The construction of the Essakane mine was completed in 2010, and commercial production began on July 16, 2010.

(b) The Doyon division includes the Doyon mine, the Mouska mine and the Westwood project. The Doyon mine operation ended in December 2009. The Westwood project is planned for commercial production in early 2013.

(c) The Sleeping Giant property and all the related infrastructure assets were sold in October 2008 after reserves were depleted.

(d) On December 29, 2009, the Company purchased an additional 3% interest, increasing the Sadiola joint venture ownership interest to 41%.

2010 **Highlights**

Financial Results and Position

- Record results for net earnings, adjusted net earnings and operating cash flow in 2010.
- Net earnings for 2010 were $279.8 million ($0.75 per share), increased by 145% compared to $114.1 million ($0.32 per share) in 2009.
- Adjusted net earnings[1] of $285.7 million ($0.77 per share[1]), increased by 68% from $170.0 million ($0.48 per share) in 2009.
- Operating cash flow of $415.1 million ($1.12 per share[2]), increased by 62% compared to $257.0 million ($0.73 per share) in 2009.
- The Company's financial position has improved with $761.3 million in available liquidity compared to $440.1 million at the end of 2009, reflecting an increase mainly due to the impact of the Essakane mine now fully operational and the increase in availability under the credit facility. Cash, cash equivalents and gold bullion (at market) were $411.3 million and availability under the credit facility was $350.0 million at December 31, 2010.
- Tenth straight annual dividend increased to $0.08 per share in 2010, with $29.8 million paid in January 2011.
- On February 9, 2011, IAMGOLD received $49 million for the sale of its La Arena project.
- On February 24, 2011, IAMGOLD entered into an agreement for a private placement of flow-through shares. The issuance of 1.7 million shares at a price of $25.48 per share raised gross proceeds of C$43.3 million.

Production and Cash Costs

Gold Operations

- Gold production of 967,000 ounces, increased by 3% from production of 939,000 ounces in 2009.
- Weighted average cash cost[1] of $574 per ounce, compared to $461 per ounce in 2009.
- Annual cash costs at IAMGOLD's operating sites (Rosebel, Essakane, Mupane and the Doyon division) were $525 per ounce in 2010, compared to $657 per ounce for the Company's joint ventures and working interests (Sadiola, Yatela, Tarkwa and Damang).
- Production at Essakane began on July 16, 2010. Total attributable production in 2010 was 122,000 ounces at a cash cost[1] of $429 per ounce. Throughput continued to ramp up with 22,000 tonnes per day in December 2010 and is in line with its goal of 25,000 tonnes per day while processing soft rock.

Niobium Operation

- Strong niobium production of 4.4 million kilograms in 2010, 7% higher than production in 2009, and an operating margin[1] of $18 per kilogram, compared to $20 per kilogram in 2009.

Exploration

- Exploration expenditures of $86.3 million in 2010 included accelerating work on promising results at the Company's joint ventures in West Africa and the Charmagne discovery in Suriname. These successes supported supplemental funding approval for both near-mine exploration and greenfield exploration in 2010 and aggressive programs planned for 2011.

[1] Adjusted net earnings, adjusted net earnings per share, cash cost per ounce and operating margin per kilogram of niobium at the Niobec mine are non-GAAP measures. Refer to the Supplemental Information section attached to the MD&A for reconciliation to GAAP measures.

[2] Operating cash flow per share is a non-GAAP measure and is calculated by dividing the consolidated cash flow from operating activities by the weighted average number of common shares outstanding in the period.

Reserves

- The proactive exploration program at IAMGOLD resulted in increases in reserves and resources.
- Gold proven and probable reserves increased by 1.9 million ounces, or 13%, to 16.4 million ounces compared to the prior year.
- Niobium proven and probable reserves increased by 34% to 243.8 million kilograms of contained niobium pentoxide (Nb_2O_5) compared to the prior year.

Development Projects

- The Westwood project in the province of Quebec is on track to commence commercial production in early 2013. Shaft sinking achieved a depth of 1,063 metres by the end of 2010. On February 24, 2011, IAMGOLD entered into an agreement for a private placement of flow-through shares. The issuance of 1.7 million shares at a price of $25.48 per share raised gross proceeds of C$43.3 million. The funds raised through this flow-through share issuance will be used on prescribed resource expenditures at the Westwood site.
- The Sadiola sulphide project feasibility study was completed, and a construction decision is expected to be made in the first half of 2011.
- On February 9, 2011, IAMGOLD received $49 million in cash from Rio Alto Mining Limited ("Rio Alto") for the sale of its La Arena development project. In addition, as part of the option and earn-in agreement in June 2009, IAMGOLD received 8 million shares of Rio Alto with an approximate market value of $18 million as at March 22, 2011.

Commitment to Zero Harm Continues

- In 2010, IAMGOLD was awarded the Corporate Social Responsibility award at the Corporate and Community Social Responsibility Conference for its Zero Harm vision of maintaining the highest standards in human health, minimizing the impact on the environment, and working co-operatively with host communities.
- In March 2011, IAMGOLD received the 2011 Environmental and Social Responsibility Award from the Prospectors and Developers Association of Canada ("PDAC"). This award recognizes accomplishment in environmental protection and in developing good community relations in the mining sector. According to PDAC, IAMGOLD is being recognized and honoured for its commitment to excellence in environmental stewardship, community engagement, and health and safety in its exploration projects and operating mines in Africa, South America and Quebec. The Company is particularly commended for having been placed as the top extractive company and third overall in the Globe and Mail's ranking of Canada's largest companies by environmental and social and governance performance.
- The frequency of all types of serious injuries (measured as DART rate[1]) across IAMGOLD during 2010 increased marginally to 0.58, compared to 0.54 in 2009.
- The Company is committed to connecting its Zero Harm vision to performance and regrets the tragic deaths of an employee at the Niobec mine in the province of Quebec in 2010 and, more recently, an employee of a contractor at the Company's Rosebel mine in Suriname.
- The importance of continually striving for Zero harm is a core value for IAMGOLD. The Company strives to eliminate all injuries through programs that reinforce the importance of constant vigilance in the workplace and the adoption of safe work practices. IAMGOLD has recently joined the Mining Safety Roundtable, an industry forum for the industry's leaders who are most focused on safety.

[1] The DART rate refers to the number of Days Away, Restricted Duty or Job Transfer incidents that occur per 100 employees.

2011 Outlook

IAMGOLD is also providing its guidance for production for the years 2011 through 2013 for the mines it operates (i.e., excluding the Company's joint ventures at Sadiola and Yatela in Mali and working interests in Tarkwa and Damang in Ghana).

	2010 Actual	2011 Forecast	2012 Forecast	2013 Forecast
Attributable gold production (000 oz)				
Mines owned and operated by IAMGOLD				
Rosebel	395	360–380	390–410	360–380
Essakane	122	370–390	310–330	380–400
Mouska [(a)]	33	25–30	–	30–35
Westwood	–	–	–	130–150
Mupane	57	55–60	40–45	15–25
	607	810–860	740–785	915–990
Other joint ventures and working interests in Africa	360	290–340	(b)	(b)
Total attributable production	967	1,100–1,200	(b)	(b)
Cash cost ($/oz of gold)[1]	574	565–595	(b)	(b)
Average gold price ($/oz)	1,252	1,300	1,250	1,150
Average foreign exchange rate (C$/US$)	1.03	1.00	1.05	1.05
Average foreign exchange rate (US$/€)[(c)]	1.33	1.35	1.35	1.30

Niobium production (millions of kilograms)				
Niobec	4.4	4.5–5.0	4.5–5.0	4.5–5.0
Operating margin ($/kg Nb)[1]	18	15–17	16–18	16–18

(a) In 2012, the mill will be shut down and refurbished in preparation for processing ore from Westwood. All ore mined at Mouska in 2012 will be processed in 2013.

(b) Updated forecasts for 2012 and 2013 are not yet available.

(c) Applies to the Essakane mine.

Attributable Gold and Niobium Production

The 2011 production level reflects full-year production at Essakane. This production level will be partially offset mainly by the harder ore anticipated with lower grades at Rosebel.

Niobium production at Niobec is expected to be between 4.5 million and 5.0 million kilograms with an operating margin[1] in a range of between $15 and $17 per kilogram. The expected 2011 production level increase is due to the impact of the mill expansion and paste backfill initiatives, partially offset by lower grade. The expected reduction in the operating margin in 2011 compared to 2010 is a result of ramp up mining of lower block and the addition of paste backfilling cost in 2011.

[1] Cash cost per ounce and operating margin per kilogram of niobium at the Niobec mine are non-GAAP measures. Please refer to the Supplemental Information section attached to the MD&A for reconciliation to GAAP measures.

Cash Cost per Ounce of Gold

The Company's cash cost[1] per ounce of gold in 2011 is expected to be between $565 and $595 per ounce, which is a level similar to that of 2010 despite pressure on costs from three end-of-life mines (Mouska, Mupane and Yatela), lower grades, higher labour and energy costs as well as higher royalties from higher gold prices. This pressure on costs will be partially offset by expected higher production and the positive impact of low cash cost at Essakane.

As gold prices rise, lower grades of ore become economic to mine. By choosing to mine these lower-grade deposits of the ore body and managing the cut-off grade, the Company can mine previously uneconomical portions of its resource base, increase the yield from the ore bodies and extend the life of the mines. Notwithstanding increased costs per unit of production, this yields positive cash flow for the Company. IAMGOLD's continuous improvement programs and cost control efforts focus on aggressively managing unit operating costs (such as cost per tonne mined and cost per tonne milled) and increasing productivity at the operating sites. Increases in the gold price and increased royalty rates have driven higher royalty amounts.

The current financial market volatility may affect future cash costs either positively or negatively through changes in gold price, oil price, overall operating costs and currency rates. Changes in these assumptions may have a material impact on cash costs, results of operations and overall financial position of the Company. Actual results may vary significantly from guidance. The following table provides estimated sensitivities around certain inputs that can affect the Company's operating results, based on the Company's guidance for 2011.

	Change of	Impact on the Annualized 2011 Cash Cost by $/oz
Gold price	$50/oz	$3
Oil price	$10/barrel	$6
Canadian dollar per U.S. dollar	$0.10	$3
Euro per U.S. dollar	$0.10	$5

As part of the Company's focus on managing costs, the Company actively engages in hedging its exposure to fuel price volatility, aluminum price volatility and foreign exchange rate volatility.

Capitalized Mining Assets, Exploration and Development Expenditures

The Company plans to continue making significant investment in mine development and exploration in 2011. Capital expenditures of $460.0 million are projected in 2011. The primary focus of the 2011 capital program is on the brownfield growth opportunities at its core platform of gold mines, including extensions of the Rosebel and the Essakane gold mines and the continued development of the Westwood gold project for start-up in 2013. It also includes the continued underground expansion of the Niobec niobium mine. Management is confident that superior returns will be generated by reinvesting in these brownfield opportunities, which will expand and extend the Company's long-life, lower-cost mines where IAMGOLD is the operator.

Planned capital expenditures for 2011 assume favourable outcomes for the feasibility study to expand Essakane and for the feasibility study to mine and process the underlying sulphide ore at the Sadiola mine. In addition, IAMGOLD has undertaken a feasibility study to expand the plant capacity at the Rosebel mine in Suriname.

The following table shows the site allocation of IAMGOLD's planned capital expenditures for 2011, 2012 and 2013.

	Planned Capital Expenditures ($ millions)			
	2011	2012	2013	Details
Westwood	146	132	54	The mine remains on track for start-up in early 2013. These expenditures will be for deepening the shaft and developing drift levels for future mining.
Essakane	139	191	25	A favourable outcome to the current feasibility study is assumed for expansion construction to start in the second half of 2011.
Rosebel	95	38	23	Primarily for new equipment, sustaining capital, engineering and civil work related to an expansion and resource development.
Niobec	39	20	13	This capital budget is to be allocated to sustaining capital, underground development, a pumping station and water treatment.
Sadiola (41%)	22	98	92	This assumes a favourable outcome of the current feasibility study of the sulphide project.
Mupane	4	5	-	For sustaining capital and resource development.
Other	15	16	13	
Total	460	500	220	

Planned capital expenditures of $460.0 million in 2011 include $41.2 million of capitalized exploration expenditures mainly related to near-mine development sites. In addition, the Company plans to incur $50.9 million of exploration expenses in 2011. Total of near-mine and greenfield exploration planned expenditures in 2011 is $92.1 million with drilling of over 500,000 metres. The Company plans to test more than 18 grassroots projects in Senegal, Mali, Colombia, Peru, Brazil and the Canadian province of Quebec. Refer to the Exploration section of this MD&A for more information.

Financial Results

Revenues in 2010 reached a record $1,167.2 million, a 28% increase from $914.3 million in 2009, primarily due to higher gold prices. The average realized gold price in 2010 for IAMGOLD's operations and joint ventures rose 31% compared to 2009, and the number of ounces of gold sold increased by 2%.

In 2010, net earnings were $279.8 million ($0.75 per share), compared to $114.1 million ($0.32 per share) in 2009. Adjusted net earnings[1] of $285.7 million ($0.77 per share[1]) increased by 68% compared to adjusted net earnings of $170.0 million ($0.48 per share) in 2009. The impact of higher sales and gold prices was partially offset by increases in mining costs and income and mining taxes.

Operating cash flow in 2010 was $415.1 million ($1.12 per share[2]), an increase of 62% compared to $257.0 million ($0.73 per share[2]) in 2009. The increase is mainly due to increased sales partially offset by higher mining costs and income and mining taxes.

Financial Position

The Company's cash, cash equivalents and gold bullion (at market value) position has improved with $411.3 million available at December 31, 2010, compared to $300.1 million at the end of 2009. During 2010, cash and cash equivalents increased mainly due to record cash flow from operating activities, partially offset by capital expenditures in mining assets and exploration and development projects.

As at December 31, 2010, $350.0 million of unused credit remained available under the Company's credit facility. The credit facility amount was increased on March 25, 2010 from a $140.0 million secured revolving credit facility to a $350.0 million unsecured revolving credit facility. In addition, on April 23, 2010, the Company entered into a $50.0 million revolving facility for the issuance of letters of credit.

In 2010, the Company issued flow-through shares with gross proceeds of C$41.5 million to fund prescribed resource expenditures on the Westwood project. The Company's warrants were also exercised in August 2010, resulting in the issuance of 160,000 shares for gross proceeds of C$2.4 million. In addition, on February 24, 2011, IAMGOLD entered into an agreement for a private placement of flow-through shares. The issuance of 1.7 million shares at a price of $25.48 per share raised gross proceeds of C$43.3 million. On February 9, 2011, IAMGOLD received $48.8 million for the sale of its La Arena project.

In 2011, the Company plans to incur $460.0 million in capital expenditures and approximately $51.0 million in exploration expenses. With strong cash, cash equivalents and gold bullion positions, the available credit facility and expected operating cash flows, the Company has the financial capacity to fund the continuing 2011 requirements of exploration and development projects and expansion of existing operations.

---

[1] Adjusted net earnings, adjusted net earnings per share, cash cost per ounce and operating margin per kilogram of niobium at the Niobec mine are non-GAAP measures. Refer to the Supplemental Information section attached to the MD&A for reconciliation to GAAP measures.

[2] Operating cash flow per share is a non-GAAP measure and is calculated by dividing the consolidated cash flow from operating activities by the weighted average number of common shares outstanding in the period.

Gold Production and Cash Cost

Gold production for 2010 was 967,000 attributable ounces at an average cash cost[1] of $574 per ounce, compared to 939,000 attributable ounces at an average cash cost of $461 per ounce in 2009.

The 3% increase in production was mainly the result of the beginning of commercial production at the Essakane mine on July 16, 2010 and higher throughput at the Tarkwa, Rosebel and Mupane mines, partially offset by the closure of the Doyon mine in December 2009, the mining of the Mouska mine at a reduced rate in 2010, and lower grades and production at the Sadiola and Yatela mines.

The 2010 annual average cash cost[1] of $574 per ounce has increased by $113 per ounce from $461 per ounce in 2009 mainly due to lower grades, higher energy costs, and higher royalties of $13 per ounce.

Average annual cash costs at IAMGOLD-operated sites (Rosebel, Essakane, Mupane and the Doyon division) were $525 per ounce during 2010, an increase of 16% compared to $453 per ounce during 2009. The weighted average cash cost for IAMGOLD's two main operations (Rosebel and Essakane) was $471 per ounce in 2010. Cash costs for the Company's joint ventures and working interests (Sadiola, Yatela, Tarkwa and Damang) were $657 per ounce during 2010, an increase of 39% compared to $473 per ounce during 2009.

Niobium Production and Operating Margin

Niobium production increased in 2010 compared to 2009, resulting primarily from higher throughput. The site successfully completed the paste backfill project and the mill expansion project in the second and third quarters of 2010, respectively.

The operating margin per kilogram of niobium[1] decreased by $2 per kilogram during 2010 compared to 2009 as a result of commissioning of the paste backfill system, the strengthening in the Canadian dollar and higher prices and volumes of aluminum used in processing. The paste backfill process will enable near complete extraction of the ore body including areas with lower grades, impacting mining costs and operating margin, but significantly improving total cash flow over the life of the mine.

[1] Cash cost per ounce and operating margin per kilogram of niobium at the Niobec mine are non-GAAP measures. Refer to the Supplemental Information section attached to the MD&A for reconciliation to GAAP measures.

Development Projects

In 2010, the Company's total development project expenditures were $260.7 million, mainly related to Essakane in Burkina Faso and Westwood in northern Quebec. The development projects are summarized below. Refer to the Development section for more information.

Burkina Faso – Essakane mine – Achieved commercial production effective July 16, 2010

Construction of the Essakane mine has been completed, and production began on July 16, 2010. Final costs for the construction of the project totaled $464.8 million, which was on plan.

Canada – Westwood project – On schedule for early 2013

Completion of the Westwood project is on schedule with commercial production planned for early 2013. Project expenditures in 2010 totaled $94.9 million, with significant infrastructure preparation and construction. Shaft sinking has reached 1,063 metres, compared to the 1,220 metres expected during the year, mainly due to redesign, including the excavation of a loading station at a higher level than originally planned. More excavation has also been completed on level 60-0 and 84-0. Significant exploration and resource delineation drilling programs resulted in over 74,000 metres of drilling in 2010.

In 2011, significant progress is expected to continue, including the following main activities: completing the construction of the surface waste silo to allow ore development to begin by the end of 2011, achieving the current shaft sinking plan (1,560 metres by end of 2011), commencement of a refurbishment project on the Doyon mill, and carrying out an 82,000-metre infill and step-out drilling program for resource development.

South America – Ecuador – Quimsacocha project

The Company has obtained the requisite permits to allow the use of reservoir water for exploration and feasibility work. Regular contact and dialogue is maintained with senior government officials in order to obtain clarity on fiscal and other matters. A model mining contract, which is expected to clarify some of these issues, is being developed by the Ecuadorian government. Assessment of the project's financial viability continues as the Company works to clarify key fiscal and other applicable dimensions. The Company plans to determine whether the new contract model and the government's position offer flexibilities that will allow advancement of the project.

Exploration

IAMGOLD's exploration efforts remain focused in West Africa, select countries of South America, and the province of Quebec in Canada. With a strategic mandate for organic growth, the Company has numerous projects underway and continues to pursue additional advanced exploration joint ventures and acquisition opportunities that will strengthen the foundation for future growth.

In 2010, IAMGOLD incurred $86.3 million on exploration projects, a 35% increase from $63.8 million in 2009. The 2010 expenditures included:

- near-mine exploration and resource development expenditures of $48.7 million including a resource expansion and delineation drilling program of more than 94,000 metres at Rosebel in Suriname for $14.7 million, a drill delineation program of more than 40,000 metres at Essakane in Burkina Faso for $13.4 million, and an $8.7 million exploration and resource delineation drilling program of more than 74,000 metres at the Westwood development project in the province of Quebec; and
- greenfield exploration of $37.6 million conducted at 16 projects, including two advanced exploration sites, in 10 countries in Africa and the Americas as part of IAMGOLD's long-term commitment to reserves replenishment and organic growth.

Refer to the Exploration section for more information.

Reserves and Resources

IAMGOLD's Share	2010	Change	2009	Change	2008
Gold (000 attributable oz contained)					
Total proven and probable mineral reserves	**16,431**	**13%**	14,508	17%	12,408
Total measured and indicated mineral resources [1][2]	**21,419**	**8%**	19,851	(25%)	26,414
Total inferred resources	**8,032**	**(10%)**	8,890	16%	7,692
Niobium (millions of kg Nb_2O_5 contained)					
Proven and probable reserves	**243.8**	**34%**	181.3	32%	137.8
Measured and indicated resources [1][2]	**243.8**	**34%**	181.3	32%	137.8
Inferred resources	**316.3**	**44%**	219.1	32%	165.5

(1) Measured and indicated resources are inclusive of proven and probable reserves.

(2) In mining operations, measured and indicated resources that are not mineral reserves are considered uneconomic at the price used for reserves estimations.

For assumptions used to determine reserves and resources, refer to the section on Critical Accounting Estimates section in this MD&A. For more information, also refer to the Company's 2010 annual report and the Company's website, www.iamgold.com.

Record Reserves

In 2010, the proactive exploration program at IAMGOLD resulted in the following positive results:

- Total attributable proven and probable gold reserves increased by 13% or 1.9 million ounces (net of depletion) to 16.4 million ounces of gold at the end of 2010, primarily due to an increase of 1.1 million ounces or 22% at the Rosebel mine, and an increase of 0.8 million ounces or 58% at the Sadiola mine.
- Total attributable measured and indicated resources (inclusive of reserves) increased by 8% or 1.6 million ounces (net of depletion) to 21.4 million ounces of gold at the end of 2010, mainly due to increases at Rosebel and Sadiola.
- Total proven and probable mineral reserves of niobium have increased by 34% to 243.8 million kilograms of contained Nb_2O_5 as a result of infill drilling and underground development that permitted the conversion of inferred to indicated and measured mineral resources.

ATTRIBUTABLE GOLD PRODUCTION AND CASH COST PER OUNCE

The table below presents the gold production attributable to the Company along with the weighted average cash cost per ounce of production.

	Gold Production			Total Cash Cost[1]		
	2010	2009	2008	**2010**	2009	2008
	000 oz	000 oz	000 oz	**$/oz**	$/oz	$/oz
IAMGOLD Operator						
Rosebel (95%)	**395**	392	315	**484**	396	466
Essakane (90%)	**122**	-	-	**429**	-	-
Doyon division (100%)	**33**	109	118	**655**	524	548
Mupane (100%)	**57**	51	101	**941**	735	367
Sleeping Giant (100%)	**-**	-	69	**-**	-	303
	607	552	603	**525**	453	447
Joint Ventures and Working Interests						
Sadiola (41%)[(a)]	**118**	135	172	**653**	483	389
Yatela (40%)	**60**	89	66	**780**	339	514
Tarkwa (18.9%)	**139**	125	119	**605**	513	521
Damang (18.9%)	**43**	38	37	**662**	619	676
	360	387	394	**657**	473	477
Total	**967**	939	997	**574**	461	459

(a) On December 29, 2009, the Company purchased an additional 3% interest increasing the Sadiola joint venture ownership interest to 41%.

The following table details the royalty expense included in cash costs.

Cash Cost per Ounce of Gold[1]	**2010**	Change	2009	Change	2008
	$/oz		$/oz		$/oz
Cash cost excluding royalties	**519**	**24%**	419	4%	403
Royalties	**55**	**31%**	42	(25%)	56
Cash cost	**574**	**25%**	461	-	459

In 2010, IAMGOLD's attributable gold production increased by 28,000 ounces, or 3%, compared to 2009.

The increase in production was a result of:

- ramp-up of production at Essakane after achieving commercial production on July 16, 2010, and
- higher throughput at Tarkwa, Rosebel and Mupane,

partially offset by:

- closure of the Doyon mine in December 2009 and mining the Mouska mine at a reduced rate in 2010, and
- lower grades at Sadiola and Yatela.

The 2010 annual consolidated average cash cost of $574 per ounce has increased by $113 per ounce from $461 per ounce in 2009 mainly due to lower grades, higher energy costs, and higher royalties of $13 per ounce. Increases in the gold price resulted in increased royalty rates and increased price-driven royalty amounts.

[1] Cash cost per ounce is a non-GAAP measure. Refer to the Supplemental Information section attached to the MD&A for reconciliation to GAAP measures.

As gold prices rise, lower grades of ore become economic to mine. By choosing to mine these lower grade zones of the ore body and managing the cut-off grade, the Company can mine previously uneconomical portions of its resource base, increase the yield from the ore bodies and extend the life of the mines. Notwithstanding increased costs per unit of production, this yields positive cash flow for the Company. IAMGOLD's continuous improvement programs and cost control efforts focus on aggressively managing unit operating costs (such as cost per tonne mined and cost per tonne milled) and increasing productivity at the operating sites. Increases in the gold price and increased royalty rates have driven higher royalty amounts.

NIOBIUM PRODUCTION, SALES AND OPERATING MARGIN

	2010	Change	2009	Change	2008
Operating Results – Niobium Mine					
Niobium production (millions of kg Nb)	**4.4**	**7%**	4.1	(7%)	4.4
Niobium sales (millions of kg Nb)	**4.3**	**(2%)**	4.4	5%	4.2
Operating margin ($/kg Nb)[a]	**18**	**(10%)**	20	5%	19

[a] Operating margin per kilogram of niobium at the Niobec mine is a non-GAAP measure. Please refer to the Supplemental Information section attached to the MD&A for reconciliation to GAAP measures.

Niobium production increased in 2010 by 7% compared to 2009, as a result of the successful completion of the mill expansion in the third quarter of 2010.

The operating margin per kilogram of niobium decreased by $2 per kilogram during 2010 compared to 2009, the result of commissioning the paste backfill system, the strengthening in the Canadian dollar, and higher prices and volumes of aluminum used in processing. The paste backfill process will enable near complete extraction of the ore body including areas with lower grades, impacting mining costs and operating margin, but significantly improving total cash flow over the life of the mine.

ATTRIBUTABLE GOLD SALES VOLUME AND REALIZED GOLD PRICE

The following table presents the total ounces of gold sold and the realized gold price per ounce.

	Gold Sales			**Realized Gold Price**		
	2010	2009	2008	**2010**	2009	2008
	000 oz	000 oz	000 oz	**$/oz**	$/oz	$/oz
IMG operator	**619**	557	603	**1,271**	951	842
Joint ventures	**176**	224	238	**1,211**	973	874
Working interests	**182**	163	156	**1,225**	973	874
Total[a]	**977**	944	997	**1,252**	960	855

[a] Attributable sales volume for 2010, 2009 and 2008 was 945,000 ounces, 925,000 ounces and 981,000 ounces, respectively, after taking into account 95% of the Rosebel sales and 90% of the Essakane sales.

Gold sales volumes increased in 2010 compared to 2009, mainly due to higher sales at Rosebel, commencement of commercial production at Essakane and higher production and sales at Tarkwa and Damang. The average spot gold price on the London Metal Exchange for 2010 was $1,225 per ounce, versus $972 per ounce in 2009.

OPERATIONS SUMMARY

One of IAMGOLD's objectives is to improve and maximize its mining operations performance. The Company's 2010 operations are summarized below. For more information, refer to detailed operations information in this MD&A.

ROSEBEL MINE, SURINAME

Rosebel achieved record gold production in 2010, which was higher by 1% than in 2009. This strong production level was achieved as the result of record throughput levels, higher productivity and operational efficiencies, despite lower grades and a difficult rainy season. Moreover, the fourth quarter benefited from increased recoveries resulting from the commissioning of additional leach tanks.

Cash costs per ounce[1] increased by 22% in 2010 compared to 2009, primarily due to higher energy, labour and consumables costs, and higher royalties due to rising gold prices. In addition, grades were lower as the mine was unable to access higher grades in previous quarters of the year due to higher precipitation levels in the rainy season.

In 2011, the Company began another expansion at Rosebel. The expansion will result in additional grinding capacity to allow mill throughput to be maintained between 12 million and 14 million tonnes per year, offsetting the impact of processing increased hard rock volumes. The expansion essentially brings gold production forward in time and reduces long-term fixed costs by reducing the currently planned mine life.

ESSAKANE MINE, BURKINA FASO

Essakane gold mine achieved commercial production effective July 16, 2010. Attributable production during 2010 was 122,000 ounces. Attributable production nearly doubled during the fourth quarter over the third quarter of 2010 despite a two-week shutdown in November caused by an electrical failure at the SAG mill. Cash costs[1] since the beginning of commercial production were $429 per ounce, compared to life-of-mine estimate of between $400 and $410 per ounce.

A feasibility study to expand the mine is currently in progress and is expected to be completed in the third quarter of 2011. The study is expected to demonstrate that the hard rock capacity of the mill could be expanded to process 10.8 million tonnes per year, compared to the current estimate of 5.4 million tonnes per year. The expectation is for life-of-mine average annual gold production of between 450,000 and 470,000 ounces (on a 100% basis), compared to the current estimate of 315,000 ounces. The current mine plan includes processing soft rock for the first three years at a rate of 9.0 million tonnes per year, followed by processing hard rock for approximately nine years.

DOYON DIVISION, CANADA

Gold production at the Doyon division declined in 2010 compared to 2009, reflecting the closure of the Doyon mine in December 2009 and the reduced production at the Mouska mine as it nears the end of its life. As a cost reduction initiative, the ore mined from Mouska during the first eight and a half months of 2010 was stockpiled and batch processed starting mid-September and completed in December.

Cash costs per ounce[1] increased during 2010 compared to 2009, largely due to lower production, higher royalties due to higher gold prices, and the impact of a stronger Canadian dollar on the operation.

MUPANE MINE, BOTSWANA

Gold production at Mupane increased in 2010 by 12% compared to 2009. The increase was the result of higher throughput levels with improved performance of the ball mill in the current year, which was unavailable for the second half of 2009. Cash costs per ounce[1] during 2010 rose mainly due to higher mining and energy costs. This is the result of more volume of material mined coupled with longer hauling distances from more distant pits and higher diesel fuel prices.

[1] Cash cost per ounce is a non-GAAP measure. Refer to the Supplemental Information section attached to the MD&A for reconciliation to GAAP measures.

Sadiola Mine, Mali

Attributable gold production for 2010 was down by 13% compared to 2009, mainly due to lower gold grades. The lower grades are the result of satellite pits being mined following the completion of mining at the main Sadiola pit.

Cash costs per ounce[1] of gold were higher in 2010 compared to 2009 due to the lower production from lower grades, higher energy costs, a higher labour mining contract, and increased royalties from higher realized gold prices.

The feasibility study on the sulphide project to expand the processing facility to process hard rock in conjunction with soft rock was completed in 2010. A construction decision is expected in the first half of 2011.

Yatela Mine, Mali

Attributable gold production for 2010 decreased by 33% compared to 2009. The reduced production resulted from significantly lower gold grades as mining shifted from the bottom of the main pit in early 2010 to a longer-haul satellite pit.

Cash costs per ounce[1] were sharply higher in 2010 compared to 2009, primarily as a result of lower production, higher waste stripping and material mined, higher energy costs, a higher labour mining contract, and higher royalties due to rising gold prices.

Tarkwa Mine, Ghana

Attributable gold production for 2010 increased by 11% compared to 2009. This increase was a result of higher throughput at the CIL plant.

Cash costs per ounce[1] of gold increased in 2010 by 18% compared to 2009. Cash costs increased due to higher energy and contractor costs and increased royalties from higher gold prices.

Damang Mine, Ghana

Attributable gold production in 2010 increased by 13% compared with the previous year. This was a result of higher mill throughput due to the commissioning of the secondary crusher and processing of higher grade ore.

Cash costs per ounce[1] in 2010 were higher by 7% compared to 2009 due to higher energy and contractor costs and increased royalties from higher gold prices.

Niobium Operation

Niobium production increased in 2010 by 7% compared to 2009 as a result of the successful completion of the mill expansion in the third quarter of 2010.

As expected, the inclusion of the paste backfill process starting during the second quarter of 2010 lowered operating margin per kilogram of niobium[1] in 2010. Paste backfill enables near complete extraction of the ore body including areas with lower grades, impacting mining costs and operating margin, but significantly improving total cash flow over the life of the mine. In addition, the operating margin per kilogram of niobium was adversely impacted by the stronger Canadian dollar and higher aluminum prices and volumes compared to the same periods in 2009.

The 34% increase in niobium reserves in 2010, together with a deposit that remains open at depth, reinforces the Company’s strategy to unlock the value of this asset.

[1] Cash cost per ounce and operating margin per kilogram of niobium at the Niobec mine are a non-GAAP measures. Refer to the Supplemental Information section attached to the MD&A for reconciliation to GAAP measures.

SUMMARIZED FINANCIAL RESULTS

(in $ millions)	As at December 31 2010	Change	As at December 31 2009
Financial Position	**$**		$
Cash and cash equivalents, and gold bullion			
• at market value	**411.3**	37%	300.1
• at cost	**311.2**	34%	231.8
Total assets	**3,494.9**	17%	2,996.8
Shareholders' equity	**2,775.8**	15%	2,416.7

(in $ millions, except where noted)	2010	Change	2009	Change	2008
Results of Operations	**$**		$		$
Revenues	**1,167.2**	**28%**	914.3	5%	869.6
Mining costs	**570.6**	**28%**	446.8	(1%)	452.0
Depreciation, depletion and amortization	**132.7**	**(14%)**	153.8	(9%)	169.6
Earnings from mining operations	**463.9**	**48%**	313.7	26%	248.0
Earnings from working interests	**56.5**	**57%**	36.0	48%	24.3
Total earnings from operations and working interests[1]	**520.4**	**49%**	349.7	28%	272.3
Net earnings (loss)	**279.8**	**145%**	114.1	n/a	(9.9)
Basic and diluted net earnings (loss) per share ($/share)	**0.75**	**134%**	0.32	n/a	(0.03)
Adjusted net earnings[2]	**285.7**	**68%**	170.0	58%	107.8
Basic and diluted adjusted net earnings per share[2] ($/share)	**0.77**	**60%**	0.48	33%	0.36
Cash Flows					
Operating cash flow	**415.1**	**62%**	257.0	-	258.2
Operating cash flow per share[1] ($/share)	**1.12**	**53%**	0.73	(16%)	0.87
Dividend declared per share ($/share)	**0.08**	**33%**	0.06	-	0.06
Key Operating Statistics					
Gold mines (including working interests)					
Gold sales (000 oz)	**977**	**3%**	944	(5%)	997
Average realized gold price ($/oz)	**1,252**	**30%**	960	12%	855
Attributable gold produced (000 oz)	**967**	**3%**	939	(6%)	997
Cash cost ($/oz)[3]	**574**	**25%**	461	-	459
Niobium mine					
Niobium sales (millions of kg Nb)	**4.3**	**(2%)**	4.4	5%	4.2
Niobium production (millions of kg Nb)	**4.4**	**7%**	4.1	(7%)	4.4
Operating margin ($/kg Nb)[3]	**18**	**(10%)**	20	5%	19

[1] Total earnings from operations and working interests is a non-GAAP measure. Please refer to the consolidated statement of earnings for reconciliation to GAAP measures.

[2] Adjusted net earnings and adjusted net earnings per share are non-GAAP measures. Comparative figures in 2009 and 2008 of adjusted net earnings have been recalculated to conform to the calculation adopted in 2010. Please refer to the Supplemental Information section attached to the MD&A for reconciliation to GAAP measures.

[3] Cash cost per ounce and operating margin per kilogram of niobium at the Niobec mine are non-GAAP measures. Please refer to the Supplemental Information section attached to the MD&A for reconciliation to GAAP measures.

FINANCIAL RESULTS

ADJUSTED NET EARNINGS

The 2010 adjusted net earnings of $285.7 million increased by $115.7 million when compared to $170.0 million in 2009. The change is attributable to the following:

(in $ millions)	2010
	$
Higher metal prices	239.8
Higher sales volumes	13.1
Higher operating costs	(111.1)
Higher royalties	(12.7)
Lower depreciation, depletion and amortization	21.1
Higher earnings from working interests	20.5
Lower corporate administration expenses	1.1
Higher exploration expenses	(6.2)
Higher derivative loss	(8.4)
Higher non-controlling interests	(9.4)
Other	(2.0)
Higher income and mining taxes	(30.1)
Increase in adjusted net earnings, compared to 2009	**115.7**

REVENUES

The Company's consolidated revenues increased by 28% to $1,167.2 million in 2010 from $914.3 million in 2009 as a result of:

- a $238.7 million (31%) positive impact from the rise in gold prices realized at owner-operated mines and joint ventures,
- a 14,000-ounce ($13.6 million) increase in gold sales by owner-operated mines and joint ventures,
- a marginal increase in niobium sales prices ($1.1 million), and
- an increase in revenue from royalty interests in the Diavik mine ($1.2 million)

partially offset by:

- marginally lower niobium sales volumes ($1.7 million).

MINING AND CASH COSTS

Mining costs were $570.6 million in 2010, a 28% increase from $446.8 million in 2009. Mining costs rose due to:

- commencement of commercial production at the Essakane mine in July 2010 ($49.3 million),
- higher operating costs ($61.8 million), primarily due to increased labour and consumable costs at Rosebel, higher levels of waste stripping at the Sadiola, Yatela and Mupane mines, increased energy costs and the impact of foreign currency fluctuations at the Niobec and Mouska mines, and
- higher royalties ($12.7 million), driven from higher realized gold prices and higher royalty rates compared to the prior year due to the addition of the Essakane royalty.

DEPRECIATION, DEPLETION AND AMORTIZATION

Depreciation, depletion and amortization decreased from $153.8 million in 2009 to $132.7 million in 2010, mainly due to an increase in the reserves for gold sites and Niobec. The decrease was partially offset by depreciation expenses incurred from the start of production at the Essakane mine in July of 2010.

EARNINGS FROM WORKING INTERESTS

Year-over-year earnings from working interests increased mainly as a result of higher sales and higher realized gold prices, partially offset by higher mining costs.

IMPAIRMENT CHARGES

There was no impairment charge in 2010, compared to an impairment of $98.1 million in 2009 related to the Camp Caiman project ($88.8 million) and the Buckreef project in Tanzania ($9.3 million). Long-lived assets and goodwill are reviewed for impairment periodically or whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

CORPORATE ADMINISTRATION

Corporate administration expenses in 2010 were $46.9 million, compared to $49.1 million in 2009. The decrease in 2010 was primarily related to process improvements, costs containment and one-time costs in 2009 related to the Essakane acquisition.

EXPLORATION AND DEVELOPMENT EXPENSES

Exploration and development expenses in 2010 were $46.0 million, compared to $39.8 million in 2009. Exploration expenses in 2010 included accelerating work on promising results at the Company's joint ventures in West Africa and the Charmagne discovery in Suriname. Refer to the Exploration section for more details.

NET INTEREST EXPENSE

Net interest expense in 2010 was $3.6 million, compared to $0.7 million in 2009. The increase is mainly due to costs associated with maintaining the increased credit facility.

FOREIGN EXCHANGE GAIN OR LOSS

The foreign exchange loss in 2010 was $1.7 million, compared to a foreign exchange gain of $27.0 million in 2009. The majority of the foreign exchange loss during 2010 and the gain in 2009 were related to the impact of foreign exchange variation on cash held in Canadian dollars. The amount was larger in 2009, resulting from the equity financing in Canadian dollars during the first quarter of 2009.

DERIVATIVE GAIN OR LOSS

The total derivative loss was $13.3 million in 2010, compared to a gain of $7.0 million in 2009. The loss in 2010 was mainly due to the market variation of gold option contracts for the Mupane mine, which were undertaken to support a positive cash flow for the remaining limited life of the operation. In addition, the derivative loss was impacted by foreign exchange and heating oil option contracts, partially offset by the positive change in the fair value of warrants held as investments. For more information on derivatives, refer to the Financial Position section of this MD&A.

GAIN ON SALE OF GOLD BULLION

During 2009, the gain on the sale of gold bullion totaled $36.6 million from the sale of 73,705 ounces of gold bullion at an average per ounce price and cost of $901 and $404, respectively, and generated proceeds of $66.4 million. There was no sale of gold bullion during 2010.

OTHER INCOME OR EXPENSE, NET

The total other income, net, was $24.4 million in 2010 compared to other expense, net, of $1.8 million in 2009. The other income, net, in 2010 was mainly related to gains on disposal of marketable securities.

NON-CONTROLLING INTERESTS

The total non-controlling interests charge in 2010 was $18.2 million, compared to $8.8 million in 2009. The increase was mainly due to the inclusion of the Essakane operation in 2010.

INCOME AND MINING TAXES

The Company does not recognize tax benefits on losses generated in countries where the recent history of operating losses does not satisfy the "more likely than not" criterion for the recognition of deferred tax assets. Consequently, there are no income tax benefits recognized on the pre-tax losses in these jurisdictions as valuation allowances are recorded to offset the associated benefit.

In 2010, income and mining taxes totaled $135.4 million, compared to $108.0 million in 2009. The income tax rate varies from the combined federal and provincial income tax rates of 31% in 2010 and 33% in 2009 primarily due to fluctuations in exchange rates for foreign currency, the geographic distribution of income, non-deductible expenses, withholding taxes related to repatriations of international earnings, and the existence of valuation allowances.

CASH FLOW

Years ended December 31	2010	2009	2008
(in $ millions)	**$**	$	$
Operating activities	**415.1**	257.0	258.2
Investing activities	**(357.4)**	(407.0)	(292.5)
Financing activities	**21.0**	196.0	41.9
Impact of foreign exchange on cash and cash equivalents	**0.7**	27.4	(2.9)
Net increase in cash and cash equivalents	**79.4**	73.4	4.7
Cash and cash equivalents, beginning of year	**191.4**	118.0	113.3
Cash and cash equivalents, end of year	**270.8**	191.4	118.0

Operating Activities

Higher revenues were partially offset by increased mining costs and spending on exploration, and higher income and mining taxes.

Investing Activities

Investing activities in 2010 included capital expenditures in mining assets and exploration and development of $372.1 million mainly related to the Essakane and Westwood projects, compared to $452.6 million in 2009. In 2010, investing activities were partially offset by investments proceeds and loan repayment from working interests, and in 2009 by the proceeds from the sale of gold bullion.

Financing Activities

Cash flows from financing activities in 2010 were mainly due to issuance of shares (flow-through shares and exercise of options), partially offset by payment of dividends to shareholders and non-controlling interests. In 2009, cash flows from financing activities were related to the public offering in 2009, the repayment in full in 2009 of the credit facility ($50.0 million) and of the assumed outstanding bridge financing of the Orezone acquisition ($40.0 million).

Foreign Exchange

The impact of foreign exchange on cash and cash equivalents is related to the fluctuation of the Canadian dollar compared to the U.S. dollar and the level of Canadian funds held at the end of the period. In 2009, the higher level of Canadian dollars held resulted from the equity financing completed during the first quarter of 2009.

QUARTERLY FINANCIAL REVIEW

(in $ millions, except where noted)	**Q4**	**Q3**	**Q2**	**2010 Q1**	Q4	Q3	Q2	2009 Q1
	$	**$**	**$**	**$**	$	$	$	$
Revenues	**459.0**	**254.1**	**214.0**	**240.1**	265.3	235.2	225.3	188.6
Net earnings (loss)	**144.5**	**40.8**	**35.7**	**58.8**	(47.4)	64.9	44.1	52.5
Basic and diluted net earnings (loss) per share	**0.39**	**0.11**	**0.10**	**0.16**	(0.13)	0.18	0.12	0.17

With the addition of the Essakane mine, revenues for the fourth quarter of 2010 were up by 73% compared to the fourth quarter of 2009, primarily due to a 56% increase in gold sales from IAMGOLD's operations and joint ventures, and an increase in related realized gold prices.

Increased net earnings in the fourth quarter of 2010 compared to the fourth quarter of 2009 were mainly due to the impact of higher sales and the higher realized gold price, partially offset by increases in mining costs and income and mining taxes. Net earnings in 2009 were also impacted by impairment charges.

Market Trends

Global Financial Market Conditions

Events and conditions in the global financial markets impact gold prices, commodity prices, interest rates and currency rates. These conditions and market volatilities may have a positive or negative impact on the Company's revenues, operating costs, project development expenditures, and project planning.

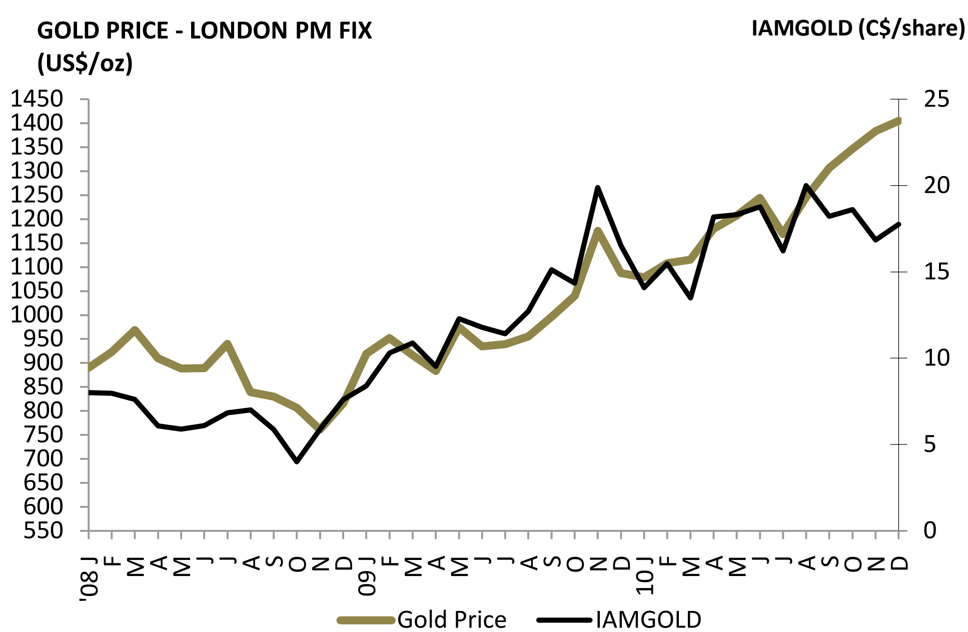
Gold Market

The performance of the Company's gold mines is closely related to the market-driven gold price. The gold market is affected by political instability, general economic conditions, mine production and substantial above-ground reserves that can affect the price should a portion of these reserves be brought to market. While many factors impact the valuation of gold, traditionally the key factors are actual and expected U.S. dollar value, global inflation rates, oil prices and interest rates.

The global financial market crisis and the ongoing instability in certain economies during the past few years have affected the volatility of gold and other commodity prices, oil prices, currencies and the availability of credit. In 2010, the gold price continued to display considerable volatility with spot daily closings between $1,058 and $1,420 per ounce (2009 – $810 and $1,213 per ounce).

($/oz of gold)	**2010**	2009	2008
Average market gold price	**1,225**	972	872
Average realized gold price	**1,252**	960	855
	December 31 2010	December 31 2009	December 31 2008
Closing market gold price	**1,406**	1,088	870

The Company's shareholder value increase in 2010 was partially the result of a rising gold price. As the following graph depicts, the price leverage impact is significant and correlated to IAMGOLD's share price movement.



Source of information: Thomson Reuters

NIOBIUM MARKET

The Company is one of three significant producers of ferroniobium in the world, with a market share of approximately 8% in 2010 (2009 – approximately 11%). The largest producer in the niobium market is a Brazilian producer whose operations can impact market conditions. Niobium demand closely follows the demand for steel, with a trend towards increased usage of niobium per tonne of steel produced. World steel production increased by approximately 17% compared to 2009. In addition, the niobium average realized price for IAMGOLD was marginally higher in 2010 than the average realized price in 2009.

Niobium is used primarily as an alloying element to strengthen steels used in the transportation and gas transmission pipeline industries. In the transportation industry, niobium is used in truck frames and wheels, railway cars, containers, car outer body panels, and in heat-resistant automotive parts such as exhaust systems and catalytic converters. Niobium applications to various types of vehicles also reduce weight, thereby providing savings in fuel consumption. Gas transmission pipelines which require extra strength and durability are made from high-strength steel plates containing niobium. Niobium is also extensively used in providing increased strength to structural steels used in the construction industry, as well as to bridges and high-rise buildings in civil construction. New applications for niobium are constantly being developed as this steel-alloying element provides increased strength, with the added benefits of good weldability and meeting requirements from a great variety of end users. In a highly competitive global market, niobium is called on to play an ever-expanding role as a result of its properties and alloying uses.

CURRENCY

The Company's reporting currency is the U.S. dollar. Movement in the Canadian dollar against the U.S. dollar has a direct impact on the Company's Canadian mining activities and executive office cost base. International operations are also exposed to fluctuation in currency exchange rates. Currencies continued to experience volatility relative to the U.S. dollar in 2010. The key currencies to which the Company is exposed are the Canadian dollar, the euro and the South African rand ("rand"; symbol: "ZAR").

	Closing Rate December 31 2010	Closing Rate December 31 2009	Closing Rate December 31 2008	**Average Rate 2010**	Average Rate 2009	Average Rate 2008
Canadian $ / US$	**0.9999**	1.0491	1.2180	**1.0299**	1.1417	1.0660
US$ / Euro	**1.3382**	1.4332	1.3978	**1.3268**	1.3946	1.4711
ZAR / US$	**6.5995**	7.4174	9.4400	**7.2987**	8.3785	8.2482

In 2011 the Company will have a significant Canadian dollar requirement due to capital expenditures required to advance the Westwood project, as well as operating and capital expenditures at the Niobec mine. In addition, during 2011 the Company will have euro requirements due to capital and operating expenditures related to the Essakane mine in Burkina Faso. The Company may hedge this exposure through forward and option contracts to mitigate the volatility of movement in the exchange rate of these currencies. In 2011, the Company will, on an ongoing basis, update its hedging strategy, which is designed to meet its currency requirements by mitigating the volatility of movement in the exchange rate of foreign currencies.

OIL PRICE

Diesel fuel is used at the mine sites for the mining fleets and the mills for power and is a significant cost component for the Company's sites (Rosebel, Essakane, Mupane, Sadiola and Yatela). Fuel is produced by the refinement of crude oil, and the fluctuations in the price of oil have a direct impact on fluctuations in fuel costs. The Company's operations and projects expect to consume approximately 0.6 million barrels of fuel in 2011.

In 2010, the oil price displayed considerable volatility with spot daily closings between $69 and $92 per barrel.

($/barrel)	**2010**	2009	2008
Average market oil price	**80**	62	100
	December 31 2010	December 31 2009	December 31 2008
Closing market oil price	**91**	79	39

The Company's hedging strategy for oil price is based on the use of heating oil option contracts to provide protection against the effects of oil price increases on the cost of diesel fuel. Call options on heating oil are used to mitigate the risk of diesel price increases. At December 31, 2010, there were no outstanding hedge contracts. The Company will on an ongoing basis update its hedging strategy.

RESULTS OF OPERATIONS

Suriname – Rosebel Mine (IAMGOLD interest – 95%)

Summarized Results
100% Basis

	2010	Change	2009	Change	2008
Total operating material mined (000 t)	**52,287**	**(2%)**	53,403	20%	44,392
Strip ratio[a]	**2.9**	**(12%)**	3.3	(18%)	4.0
Ore milled (000 t)	**12,832**	**16%**	11,093	34%	8,309
Head grade (g/t)	**1.1**	**(8%)**	1.2	(8%)	1.3
Recovery (%)	**93**	**-**	93	1%	92
Gold production – 100% (000 oz)	**416**	**1%**	412	24%	331
Attributable gold production – 95% (000 oz)	**395**	**1%**	392	24%	315
Gold sales – 100% (000 oz)	**416**	**9%**	383	19%	323
Gold revenue ($/oz)[b]	**1,244**	**27%**	976	12%	871
Cash cost excluding royalties ($/oz)	**421**	**20%**	351	(6%)	374
Royalties ($/oz)	**63**	**40%**	45	(51%)	92
Cash cost ($/oz)[c]	**484**	**22%**	396	(15%)	466

(a) Strip ratio is calculated as waste divided by full-grade ore mined.
(b) Gold revenue per ounce is calculated as gold sales divided by ounces of gold sold.
(c) Cash cost per ounce is a non-GAAP measure. Please refer to the Supplemental Information section attached to the MD&A for reconciliation to GAAP measures.

Gold production during 2010 was slightly higher compared to 2009, primarily as a result of a record mill throughput, partially offset by lower grades. The additional leach tanks were commissioned in the early part of the fourth quarter of 2010 and have already had a positive impact of gold recoveries.

Cash costs per ounce were up in 2010 due to lower gold grades as the mine was unable to access higher grades during the first quarters of the year due to higher precipitation levels in the rainy season, higher energy, labour and consumable costs, and higher royalties due to rising gold prices.

During 2010, Rosebel's capital expenditures were $52.0 million and consisted of the additional leach tank project to improve mill recoveries ($13.8 million), resource delineation and near-mine exploration ($14.2 million), capital spares ($4.7 million), new emulsion plant ($3.1 million), tailings dam ($3.4 million), camp buildings ($1.4 million) and various smaller projects ($11.4 million).

Proven and probable reserves at Rosebel rose by 22% or 1.1 million attributable ounces net of depletion. This increase was driven by the successful infill and exploration drilling programs on the Pay Caro, Mayo and Rosebel deposits (over 94,000-metre near-mine drill program in 2010), and to a lesser degree by the increase in gold price (representing 0.2 million attributable ounces). None of the increase in resources or reserves yet includes any contribution from the new Charmagne discovery, which is still undergoing exploration and modeling work for incorporation into reserves and resources later in 2011.

Outlook

Rosebel's attributable production in 2011 is expected to be between 360,000 and 380,000 ounces.

The Company is undertaking a feasibility study to expand the plant capacity at the Rosebel mine. The cost of the staged expansion is expected to total an additional $185 million over the next seven years versus the no-expansion case with sustaining and replacement capital only. The mine expansion and replacement program would increase mining capacity up to 70 million tonnes per annum. The mill expansion would allow for maintaining the current production rates to between 12 million and 14 million tonnes per year, despite increased hardness of ore.

Capital expenditures of $95 million are planned at Rosebel in 2011, and include spending of $46 million on a mine equipment expansion and replacement program, $15 million on mill expansion and a gravity circuit upgrade, $15 million on a resource delineation and near-mine exploration program, and $19 million on other sustaining capital. The 95,000-metre near-mine drill program is designed to upgrade additional resources to reserves and pursue targets in close proximity to existing resources.

Burkina Faso—Essakane Mine (IAMGOLD interest—90%)
Summarized Results
100% Basis

	2010[(a)]
Total operating material mined (000 t)[(b)]	**12,858**
Strip ratio[(c)]	**1.2**
Ore milled (000 t)	**2,973**
Head grade (g/t)	**1.5**
Recovery (%)	**96**
Gold production – 100% (000 oz)	**136**
Attributable gold production – 90% (000 oz)	**122**
Gold sales – 100% (000 oz)	**113**
Gold revenue ($/oz)[(d)]	**1,371**
Cash cost excluding royalties ($/oz)	**396**
Royalties ($/oz)	**33**
Cash cost ($/oz)[(e)]	**429**

(a) Commercial production starting July 16, 2010.
(b) Excluding waste from material mined, of the 5.9 million tonnes of ore mined, 2.9 million tonnes of ore was stockpiled.
(c) Strip ratio is calculated as waste mined divided by ore mined.
(d) Gold revenue per ounce is calculated as gold sales divided by ounces of gold sold.
(e) Cash cost per ounce is a non-GAAP measure. Refer to the Supplemental Information section attached to the MD&A for reconciliation to GAAP measures.

Essakane gold mine achieved commercial production effective as of July 16, 2010. Attributable production during the year was 122,000 ounces despite a two-week shutdown in November caused by an electrical failure at the SAG mill, which has since been resolved. Throughput continued to ramp up with over 22,000 tonnes per day in December 2010 and is in line with the goal of 25,000 tonnes per day while processing soft rock.

Cash costs since the beginning of commercial production were $429 and were negatively impacted by start-up issues. At the end of the year, an estimated 23,000 ounces of production were retained as in-process or unsold bullion inventory at Essakane due to the operational ramp-up profile and timing of shipments.

During 2010, Essakane's capital expenditures were $15.1 million and consisted of additions to mining assets ($8.5 million) and capitalized development and exploration ($6.6 million since start of commercial production).

A feasibility study to expand the mine is currently in progress and is expected to be completed in the third quarter of 2011. The current mine plan includes processing soft rock for the first three years at a rate of 9.0 million tonnes per year starting in 2011, followed by approximately nine years of processing hard rock. The study is expected to demonstrate that the hard rock capacity of the mine could be expanded to process approximately 10.8 million tonnes per year, compared to the current estimate of 5.4 million tonnes per year. The expectation is for life-of-mine average annual gold production of between 450,000 and 470,000 ounces (on a 100% basis), compared to the current estimate of 315,000 ounces. Assuming a positive outcome of the study, construction could commence in the fourth quarter of 2011.

Outlook

Essakane's attributable production in 2011 is expected to be between 370,000 and 390,000 ounces. Based on a favourable outcome of the feasibility study, capital expenditures of $139 million are planned at Essakane in 2011 and include $95 million for the expansion project, $8 million for the feasibility study, and a $6.6 million for the resource delineation and near-mine exploration program. The 50,000-metre near-mine drill program is designed to upgrade additional resources to reserves and pursue targets in close proximity to existing resources.

Canada – Doyon Division (IAMGOLD interest – 100%)
Summarized Results
100% Basis

	2010	Change	2009	Change	2008
Total operating material mined (000 t)	**61**	**(84%)**	385	(15%)	454
Ore milled (000 t)	**61**	**(84%)**	388	(15%)	456
Head grade (g/t)	**13.4**	**52%**	8.8	5%	8.4
Recovery (%)	**96**	**-**	96	-	96
Gold production (000 oz)	**33**	**(70%)**	109	(8%)	118
Gold sales (000 oz)	**33**	**(71%)**	114	(1%)	115
Gold revenue ($/oz)[a]	**1,331**	**37%**	970	10%	878
Cash cost excluding royalties ($/oz)	**626**	**22%**	514	3%	500
Royalties ($/oz)	**29**	**190%**	10	(79%)	48
Cash cost ($/oz)[b]	**655**	**25%**	524	(4%)	548

[a] Gold revenue per ounce is calculated as gold sales divided by ounces of gold sold.
[b] Cash cost per ounce is a non-GAAP measure. Please refer to the Supplemental Information section attached to the MD&A for reconciliation to GAAP measures.

The decline in production is the result of the closure of the Doyon mine in December 2009 and reduced mining volume at the Mouska mine as it is in the final stages of its producing life. As a cost reduction initiative, the ore mined from Mouska during the first eight and a half months of 2010 was stockpiled and batch processed starting mid-September to the end of the year.

Cash cost per ounce increased during 2010 largely due to lower production, higher royalties from increasing gold prices, and the impact of a stronger Canadian dollar on the operation.

There were no significant capital expenditures at the Mouska mine during 2010.

Outlook

The production of the Mouska mine is expected to be between 25,000 and 30,000 ounces in 2011. As a cost savings initiative, the ore mined from Mouska will be stockpiled in 2011 and batch processed later in 2011.

Botswana – Mupane Mine (IAMGOLD interest – 100%)

Summarized Results

100% Basis

	2010	Change	2009	Change	2008
Total operating material mined (000 t)	**8,357**	**12%**	7,461	156%	2,918
Strip ratio[(a)]	**7.8**	**-**	7.8	311%	1.9
Ore milled (000 t)	**1,123**	**25%**	899	(17%)	1,077
Head grade (g/t)	**1.8**	**(18%)**	2.2	(37%)	3.5
Recovery (%)	**86**	**5%**	82	(2%)	84
Gold production (000 oz)	**57**	**12%**	51	(50%)	101
Gold sales (000 oz)	**57**	**(5%)**	60	(35%)	93
Gold revenue ($/oz)[(b)]	**1,236**	**64%**	755	13%	670
Cash cost excluding royalties ($/oz)	**882**	**30%**	680	110%	324
Royalties ($/oz)	**59**	**7%**	55	28%	43
Cash cost ($/oz)[(c)]	**941**	**28%**	735	100%	367

(a) Strip ratio is calculated as waste divided by full-grade ore mined.

(b) Gold revenue per ounce is calculated as gold sales divided by ounces of gold sold.

(c) Cash cost per ounce is a non-GAAP measure. Please refer to the Supplemental Information section attached to the MD&A for reconciliation to GAAP measures.

In 2010, gold production was 12% higher than in 2009 as a result of higher mill throughput with improved performance of the ball mill.

Cash cost per ounce of gold was higher in 2010 compared to 2009, primarily as a result of mining more volume of material coupled with longer hauling distances from more distant pits and higher diesel fuel prices. In addition, higher royalties resulted from increased gold prices.

Capital expenditures for 2010 were $3.6 million and were mainly related to resource delineation and near-mine exploration.

Mupane option contracts

Due to Mupane's short life of mine and to secure its margin, at the beginning of 2010 the Company entered into option contracts to protect the majority of the mine's production for 2010, 2011 and 2012. These hedges are intended to support a positive operating cash flow from the operation. The total of these option contracts provides hedges of in excess of 80% of the expected production through 2013.

During 2010, option contracts for 25,200 ounces of gold expired without being exercised, while option contracts for 16,400 ounces were exercised. In 2009, the final shipment of 43,888 ounces at $442 per ounce was delivered under the prior forward contracts.

Outlook

The production of the Mupane mine is expected to be between 55,000 and 60,000 ounces in 2011.

Mali – Sadiola Mine (IAMGOLD interest – 41% in 2010; 2009 and 2008 – 38%)[(a)]
Summarized Results
41% Basis in 2010 (2009 and 2008 – 38% Basis)

	2010	Change	2009	Change	2008
Total operating material mined (000 t)	**9,654**	**10%**	8,750	(4%)	9,158
Strip ratio[(b)]	**7.9**	**34%**	5.9	97%	3.0
Ore milled (000 t)	**1,792**	**8%**	1,658	6%	1,564
Head grade (g/t)	**2.1**	**(19%)**	2.6	(33%)	3.9
Recovery (%)	**93**	**2%**	91	10%	83
Attributable gold production (000 oz)	**118**	**(13%)**	135	(22%)	172
Attributable gold sales (000 oz)	**117**	**(13%)**	135	(22%)	172
Gold revenue ($/oz)[(c)]	**1,224**	**27%**	965	11%	873
Cash cost excluding royalties ($/oz)	**580**	**36%**	425	26%	337
Royalties ($/oz)	**73**	**26%**	58	12%	52
Cash cost ($/oz)[(d)]	**653**	**35%**	483	24%	389

(a) On December 29, 2009, the Company purchased an additional 3% interest increasing the Sadiola joint venture ownership interest to 41%.
(b) Strip ratio is calculated as waste divided by full-grade ore mined.
(c) Gold revenue per ounce is calculated as gold sales divided by ounces of gold sold.
(d) Cash cost per ounce is a non-GAAP measure. Please refer to the Supplemental Information section attached to the MD&A for reconciliation to GAAP measures.

Attributable gold production decreased in 2010 compared to 2009 as a result of lower gold grades resulting from satellite pits being mined following the completion of mining at the main Sadiola pit. The mine processed higher quantities of oxides in the current year as compared to the prior year, which resulted in higher throughput and recoveries. The mine continued its waste stripping effort during the year, resulting in a high strip ratio.

Cash cost per ounce of gold rose during 2010 compared to 2009, primarily as a result of lower production from lower grades, higher energy costs, higher labour costs from a revised mining contract, and increased royalties from higher realized gold prices.

The Company's attributable portion of capital expenditures during 2010 was $8.1 million, mainly related to the Sadiola sulphide project and capitalized exploration expenditures.

Sadiola distributed a dividend of $63.0 million to the Company in 2010 (2009 – $19.0 million at 38% interest).

The feasibility study on the sulphide project to expand the processing facility to process hard rock in conjunction with soft rock was completed in 2010. IAMGOLD has taken the lead in this work with an innovative approach to reduce cost and re-engineer the construction schedule. A construction decision is expected during the first half of 2011. In 2010, attributable measured and indicated mineral resources increased by 34% from 2.6 million ounces to 3.5 million ounces. The majority of the increase is ascribed to the conversion from inferred to indicated resources on the Sadiola sulphide deposit. The attributable proven and probable mineral reserve increased by 58% from 1.5 million ounces to 2.3 million ounces, mainly due to the Sadiola sulphide deposit (0.7 million ounces). The potential to add more resources and reserves to the sulphide deposit as well as to the other satellite deposits remains encouraging and will be pursued in 2011.

The deep sulphide project is a 4.1-million-ounce hard rock reserve (100% basis) below the Sadiola pit. IAMGOLD has taken the lead in this work with an innovative approach to reduce cost and re-engineer the construction schedule. In 2009, approval was received to proceed with a feasibility study on the deep sulphide project at a cost of $9.0 million (100% basis). The study contemplates adding a separate hard rock processing facility, which would operate in conjunction with the existing soft rock plant. Assuming positive results from the 11-month feasibility study and an investment decision, construction would begin in 2012, pre-stripping would commence in 2011 with the new fleet, and the new plant would begin operating early in 2013.

During 2009, IAMGOLD held a 38% interest in the Sadiola joint venture. Other shareholders included AngloGold Limited ("AGA") (38%), the Republic of Mali ("ROM") (18%) and the International Financial Corporation ("IFC") (6%). On December 29, 2009, IAMGOLD and AGA each acquired an additional 3% interest in the Sadiola joint venture from IFC, increasing ownership interest to 41%.

Mali – Yatela Mine (IAMGOLD interest – 40%)

Summarized Results

40% Basis

	2010	Change	2009	Change	2008
Total operating material mined (000 t)	**4,960**	**96%**	2,536	(25%)	3,379
Capitalized waste mined – pit cutback (000 t)	**-**	**-**	-	(100%)	684
Strip ratio[a]	**6.5**	**150%**	2.6	(54%)	5.7
Ore crushed (000 t)	**1,173**	**7%**	1,099	1%	1,088
Head grade (g/t)	**1.2**	**(65%)**	3.4	62%	2.1
Attributable gold stacked (000 oz)	**46**	**(61%)**	119	63%	73
Attributable gold production (000 oz)	**60**	**(33%)**	89	35%	66
Attributable gold sales (000 oz)	**59**	**(34%)**	89	35%	66
Gold revenue ($/oz)[b]	**1,186**	**21%**	984	12%	875
Cash cost excluding royalties ($/oz)	**709**	**153%**	280	(39%)	461
Royalties ($/oz)	**71**	**20%**	59	11%	53
Cash cost ($/oz)[c]	**780**	**130%**	339	(34%)	514

(a) Strip ratio is calculated as waste divided by full-grade ore mined.
(b) Gold revenue per ounce is calculated as gold sales divided by ounces of gold sold.
(c) Cash cost per ounce is a non-GAAP measure. Please refer to the Supplemental Information section attached to the MD&A for reconciliation to GAAP measures.

Attributable gold production was lower by 33% in 2010 compared to 2009 as a result of significantly lower gold grades. After the completion of mining the bottom of the main pit in early 2010, mine production has shifted to a longer-haul satellite pit, which resulted in lower grades and higher waste stripping.

Cash costs per ounce were significantly higher during 2010 compared to 2009, primarily as a result of lower production, higher waste stripping and material mined, higher energy costs, higher costs from a revised mining contractor fee structure, and higher royalty costs from higher realized gold prices.

Attributable capital expenditures in 2010 were $2.5 million, mainly consisting of capitalized exploration.

In 2010, Yatela distributed a dividend of $25.9 million to the Company, compared to $30.0 million in 2009.

Ghana – Tarkwa Mine (IAMGOLD interest – 18.9%)
Summarized Results
18.9% Basis

	2010	Change	2009	Change	2008
Total operating material mined (000 t)	**15,173**	**(9%)**	16,694	(1%)	16,850
Capitalized waste mined (00 0t)	**10,847**	**35%**	8,031	36%	5,897
Strip ratio[(a)]	**2.6**	**(21%)**	3.3	3%	3.2
Heap Leach					
Ore crushed (000 t)	**2,339**	**19%**	1,964	(37%)	3,128
Head grade (g/t)	**0.6**	**(25%)**	0.8	(20%)	1.0
Attributable gold production (000 oz)	**43**	**2%**	42	(38%)	68
Mill					
Ore milled (000 t)	**2,127**	**6%**	1,998	90%	1,054
Head grade (g/t)	**1.4**	**-**	1.4	(13%)	1.6
Attributable gold production (000 oz)	**96**	**16%**	83	63%	51
Total attributable gold production (000 oz)	**139**	**11%**	125	5%	119
Total attributable gold sales (000 oz)	**139**	**11%**	125	5%	119
Gold revenue ($/oz)[(b)]	**1,223**	**25%**	976	12%	874
Cash cost excluding royalties ($/oz)	**568**	**17%**	484	(2%)	495
Royalties ($/oz)	**37**	**28%**	29	12%	26
Cash cost ($/oz)[(c)]	**605**	**18%**	513	(2%)	521

(a) Strip ratio is calculated as waste divided by full-grade ore mined.
(b) Gold revenue per ounce is calculated as gold sales divided by ounces of gold sold.
(c) Cash cost per ounce is a non-GAAP measure. Please refer to the Supplemental Information section attached to the MD&A for reconciliation to GAAP measures.

Attributable gold production in 2010 was higher compared to 2009 as a result of higher production from the CIL plant.

Cash costs in 2010 were up compared to 2009 as a result of higher energy and contractor costs. Royalties were higher during 2010 from higher realized gold prices. An increased rate from 3% to 5% will take effect in March 2011.

The Company's attributable portion of capital expenditures during 2010 was $37.0 million and consisted of capitalized stripping ($19.4 million), mining fleet ($7.2 million), tailings storage facilities ($3.7 million), and various smaller projects ($6.7 million).

In 2010, the Company received a dividend of $18.9 million and $18.2 million in loan repayments from Tarkwa, compared to no dividends or repayments in 2009. The attributable portion of cash held at the Tarkwa mine (accounted for as a working interest) totaled $17.3 million as of December 31, 2010.

Ghana – Damang Mine (IAMGOLD interest – 18.9%)
Summarized Results
18.9% Basis

	2010	Change	2009	Change	2008
Total operating material mined (000 t)	**2,604**	**(5%)**	2,730	(45%)	4,984
Capitalized waste mined – pit cutback (000 t)	**-**	**-**	-	(100%)	145
Strip ratio[a]	**2.3**	**(12%)**	2.6	(46%)	4.8
Ore milled (000 t)	**977**	**4%**	943	8%	877
Head grade (g/t)	**1.5**	**15%**	1.3	(7%)	1.4
Recovery (%)	**93**	**(1%)**	94	1%	93
Attributable gold production (000 oz)	**43**	**13%**	38	3%	37
Attributable gold sales (000 oz)	**43**	**13%**	38	3%	37
Gold revenue ($/oz)[b]	**1,231**	**28%**	964	10%	874
Cash cost excluding royalties ($/oz)	**625**	**6%**	590	(9%)	650
Royalties ($/oz)	**37**	**28%**	29	12%	26
Cash cost ($/oz)[c]	**662**	**7%**	619	(8%)	676

(a) Strip ratio is calculated as waste divided by full-grade ore mined.
(b) Gold revenue per ounce is calculated as gold sales divided by ounces of gold sold.
(c) Cash cost per ounce is a non-GAAP measure. Please refer to the Supplemental Information section attached to the MD&A for reconciliation to GAAP measures.

Attributable gold production during 2010 increased from 2009 due to higher grades and higher throughput as a result of commissioning the secondary crusher.

Cash costs were up during 2010 compared to 2009 due to rising contractor costs and higher energy and contractor costs. Royalties were higher during 2010 from higher realized gold prices. An increased rate from 3% to 5% will take effect in March 2011.

The Company's attributable portion of capital expenditures during 2010 was $14.4 million and was mainly related to mining equipment capital and resource conversion drilling.

In 2010, the Company received a dividend of $5.7 million from Damang, compared to no dividend in 2009. The attributable portion of cash held at the Damang mine (accounted for as a working interest) totaled $12.0 million as of December 31, 2010.

Canada – Niobec Mine (IAMGOLD interest – 100%)
Summarized Results
100% Basis

	2010	Change	2009	Change	2008
Total operating material mined (000 t)	**1,792**	**1%**	1,773	(2%)	1,801
Ore milled (000t)	**1,864**	**6%**	1,755	(2%)	1,788
Grade (% Nb_2O_5)	**0.61**	**-**	0.61	(2%)	0.62
Niobium production (millions of kg Nb)	**4.4**	**7%**	4.1	(7%)	4.4
Niobium sales (millions of kg Nb)	**4.3**	**(2%)**	4.4	5%	4.2
Operating margin ($/kg Nb)[(a)]	**18**	**(10%)**	20	5%	19

(a) Operating margin per kilogram of niobium at the Niobec mine is a non-GAAP measure. Please refer to the Supplemental Information section attached to the MD&A for reconciliation to GAAP measures.

Niobium production during 2010 was 7% higher compared to 2009 primarily as a result of higher throughput from the successful completion of the mill expansion in the third quarter of 2010.

Niobium revenues were $158.7 million in 2010 compared to $159.3 million in 2009, due a decrease in sales volumes as a result of the timing of shipments, partially offset by slightly higher realized niobium prices during the year.

The operating margin per kilogram of niobium decreased by $2 per kilogram during 2010 compared to 2009. As expected, the inclusion of the paste backfill process starting the second quarter of 2010 lowered operating margin per kilogram of niobium. Paste backfill enables near complete extraction of the ore body including areas with lower grades, impacting mining costs and operating margin. In addition, the operating margin per kilogram of niobium was adversely impacted by the stronger Canadian dollar, and higher aluminum prices and volumes compared to 2009.

Construction of the mill expansion began in June 2009 and was completed during the third quarter of 2010. Throughput is ramping up and is expected to eventually increase by 24% from the pre-expansion rate of 210 tonnes per hour to 260 tonnes per hour. The mill expansion was designed to match throughput to the mining hoisting capacity. In December 2010, the mill was averaging 240 tonnes per hour.

The Company began backfilling following the completion of construction of the paste backfill plant and associated underground infrastructure which occurred during the second quarter of 2010. This initiative will enable near complete extraction of the ore body at lower levels of the mine by using mill tailings mixed with binding material, significantly reducing the need to leave behind natural ore pillars.

In 2010, capital expenditures were $65.9 million and included the mill expansion ($24.9 million), the paste backfill plant ($12.8 million), underground development ($8.4 million), underground equipment ($7.3 million), pumping station ($3.4 million), shaft sinking ($1.8 million) and various other projects ($7.3 million).

Total proven and probable mineral reserves of niobium increased by 34% to 243.8 million kilograms of contained niobium pentoxide (Nb_2O_5). This increase is a result of infill drilling and underground development that permitted the conversion of inferred to indicated and measured mineral resources in blocks 4, 5 and 6. The Company also increased inferred mineral resources as a result of drilling on the lateral extension of the lenses in blocks 4, 5 and 6, and also by the use of a lower cut-off grade for inferred resources. The deposit remains open at depth, and the confidence is high that additional drilling will increase the resource base.

Outlook

The Niobec mine's production for 2011 is expected to be between 4.5 million kilograms and 5.0 million kilograms with an operating margin in a range of between $15 and $17 per kilogram. In 2011, capital expenditures at Niobec of $39 million are mainly related to underground development, a pumping station and water treatment.

DEVELOPMENT PROJECTS

In 2010, the Company's total exploration and development project expenditures were $260.7 million, mainly related to Essakane in Burkina Faso and Westwood in northern Quebec. Projects are summarized as follows:

(in $ millions)	**2010**	2009	2008
Capitalized Expenditures	**$**	$	$
North America			
Canada – Westwood project	**94.9**	81.4	27.1
Africa			
Burkina Faso – Essakane project	**119.9**	245.5	-
Mali – Sadiola deep sulphide project	**3.9**	1.2	-
South America			
Ecuador – Quimsacocha project	**4.6**	10.3	2.5
French Guiana – Camp Caiman project	**-**	-	1.5
Peru – La Arena project	**35.2**	4.5	1.2
	258.5	342.9	32.3
Expenses			
South America			
Ecuador – Quimsacocha project	**0.3**	0.7	1.0
French Guiana – Camp Caiman project	**1.9**	2.1	-
	2.2	2.8	1.0
Total	**260.7**	345.7	33.3

Outlook 2011 – Evaluation projects

The planned evaluation expenditures for 2011 are summarized as follows:

(in $ millions)	Capitalized
2011	$
Westwood project (net of expected tax credit of $15.7 million)	130.1
Quimsacocha project	3.1
	133.2

Burkina Faso – Essakane Project

Construction of the Essakane mine has been completed, and commercial production began on July 16, 2010. Final costs for the construction of the project totaled $464.8 million and were effectively on plan.

The Company successfully transitioned and integrated the project following the acquisition in February 2009. The construction of the project involved over 3,000 people and adhered to international standards and best practices for all parts of the project. The start-up of the project was six months ahead of initial predictions despite a number of challenges in logistics, climate and manpower. An extensive training effort was required for both the construction labour force and the operations team, and continued training will be a key driver for success moving forward.

Canada – Westwood Project

Mining plan and resources

On December 21, 2009, IAMGOLD announced continued positive results from an updated preliminary assessment study (the "study") on its 100% owned Westwood development project located two kilometres from the Company's Doyon gold mine in the Abitibi region of Northern Quebec. In addition, on February 15, 2011, the Company announced the indicated and inferred resources increased by 6% to 3.7 million ounces. The project remains on plan for completion by early 2013 with an estimated total cost of $500 million. The total project cost has increased approximately 20% mostly due to the strengthened Canadian dollar and increased development work.

The study is classified as preliminary as most of the resources delineated at Westwood are in the inferred category. The study includes mine planning, capital and operating cost estimation, rock mechanics, metallurgical work, and overall economic studies that are advanced, due in part to the knowledge obtained from the Doyon division.

Summary project highlights are shown in the table below:

Inferred mineral resources (undiluted, 6.0 g/t Au cut-off)	9,700,000 tonnes at 11.1 g/t Au for 3,467,000 oz
Indicated mineral resources	719,000 tonnes at 11.6 g/t Au for 269,000 oz

Construction

Project expenditures in 2010 totaled $94.9 million (before tax credit) with significant infrastructure preparation and construction, including:

- the 2,000-tonne ore silo, the permanent ventilation system and the installation of two hoists necessary to go below 1,200 metres with the exploration shaft,
- six-metre diameter ventilation raise boring reaching 765 metres of the 849 metres planned,
- shaft sinking reaching 1,063 metres at the end of 2010, down from prior estimates of 1,220 metres mainly due to the excavation of a loading station at a higher level than originally planned. More excavation has also been completed on levels 60-0 and 84-0,
- underground development work including 7,033 metres of lateral and vertical excavation achieved, and
- an additional bulk sample completed from the 84-0 level to test mining methods.

Exploration

During 2010, exploration activities included:

- the exploration ramp and the drift extended by more than 824 metres, which will provide better drilling access to the upper part of the deposit (above the 84-0 level exploration drift),
- the exploration drifts on level 84-0 extended by 1,227 metres, providing five new drilling bays for the Westwood lens exploration, and
- more than 74,000 metres of exploration drilling and valuation drilling completed.

Ongoing drilling programs for 82,000 metres are planned in 2011 and aimed at finding additional inferred resources and continued upgrading of existing inferred mineral resources to measured and indicated categories.

Outlook 2011

Evaluation activities planned in 2011 for a total of $130.1 million (net of tax credit of $15.7 million) are as follows:

- complete construction of the surface waste silo to allow ore development by the end of 2011,
- achieve shaft sinking plan (1,560 metres by end of 2011),
- complete the six-metre ventilation raise boring,
- ground support to the six-metre ventilation raise boring,
- start construction of the 84-0 level hydrostatic plug to close Doyon underground accesses,
- infill and step-out drilling for resource development (82,000 metres), and
- total vertical and horizontal development of 18,000 metres.

South America – Ecuador – Quimsacocha

The Quimsacocha project has probable reserves of 8.1 million tonnes, at an average grade of 6.5 grams of gold per tonne of ore containing 1.7 million ounces of gold, within an indicated resource of 9.9 million tonnes, at an average grade of 6.6 grams of gold per tonne of ore containing 2.1 million ounces of gold.

In November 2009, detailed mining and environmental regulations relating to the Ecuadorian mining law passed in February 2009 were completed and approved by President Correa. In 2010, the Company has obtained the requisite permits that allow the use of reservoir water for exploration and feasibility work.

The Company maintains regular contact and dialogue with senior government officials in order to obtain needed clarity on fiscal and other matters. A model mining contract, which is expected to clarify some of these issues, is being developed by the Ecuadorian government.

Assessment of the project's financial viability continues as the Company works to clarify key fiscal and other applicable dimensions. Evaluation expenditures expected in 2011 of $3.1 million are based on continuing with the current level of activity while expecting the new contract model to be made available for analysis. The Company plans to determine whether the new contract model and the government's position offer flexibilities that will allow advancement of the project.

South America – French Guiana – Camp Caiman Project

During the first quarter of 2008, the French government indicated that it would not be allowing the Camp Caiman project to proceed, and the Company responded by instituting two separate court proceedings in the second half of 2009 at the Administrative Tribunal of French Guiana, the first of which contests the legality of the French government's decision and the second of which seeks compensation in the amount of €275,000,000 for damages resulting from that decision.

In response to a decision released by the Administrative Tribunal on May 27, 2010 in the first proceeding, which cancelled the government's decision to deny a mining permit for the Camp Caiman project and ordered the government to issue a new decision on the Company's application for such permit, the French government, acting through the Prefect of French Guiana, released a new decision on August 26, 2010 which again denied a mining permit for the Camp Caiman project and relied on far more detailed environmental reasons than those contained in the cancelled decision in support of its conclusions.

The Company filed an appeal of this new decision on October 26, 2010 with the assistance of environmental experts and also filed additional materials on March 8, 2011 in connection with the second proceeding dealing with the €275,000,000 compensation claim, in response to materials which the Prefect filed on August 13, 2010 in that matter. No amounts have been accrued in the financial statements.

South America – Peru – La Arena Project

In June 2009, an option and earn-in agreement was entered into for the sale of the La Arena project in Peru. In 2009, the Company received 8.0 million common shares (10.6% interest) and 1.5 million warrants of Rio Alto Mining Limited ("Rio Alto") for a total value of $1.4 million.

During the option term, Rio Alto earned-in newly issued shares of La Arena S.A., an IAMGOLD wholly owned subsidiary, up to a maximum as per the agreement of 38.7% by incurring $30.0 million in expenditures on the La Arena project. Total expenditures on the La Arena project totaled $35.3 million during 2010 ($38.9 million since its appointment in 2009). Control of the subsidiary was still under IAMGOLD, and criteria to recognize an asset held for sale were not met at year end.

In February 2011, as per the option agreement, Rio Alto purchased all of the outstanding shares of La Arena S.A. for a cash payment of $49.0 million.

EXPLORATION

IAMGOLD's exploration efforts remain focused in West Africa, select countries of South America, and the province of Quebec in Canada. With a strategic mandate for organic growth, the Company has numerous projects already underway and continues to pursue additional advanced exploration joint venture or acquisition opportunities that will provide the foundation for future growth.

In 2010, IAMGOLD incurred $86.3 million on exploration projects, a 35% increase from $63.8 million in 2009. The 2010 expenditures included:

- near-mine exploration and resource development expenditures of $48.7 million including a resource expansion and delineation drilling program of more than 94,000 metres at Rosebel in Suriname for $14.7 million, a drill delineation program of more than 40,000 metres at Essakane in Burkina Faso for $13.4 million, and an $8.7 million exploration and resource delineation drilling for more than 74,000 metres at the Westwood development project in Quebec; and
- greenfield exploration of $37.6 million conducted at 16 projects, including two advanced exploration sites, in 10 countries in Africa and the Americas as part of IAMGOLD's long-term commitment to reserves replenishment and organic growth.

Exploration expenditures are summarized as follows:

(in $ millions)	Capitalized	Expensed	Total
2010	**$**	**$**	**$**
Near-mine exploration and resource development[a]	**41.4**	**7.3**	**48.7**
Greenfield exploration projects	**1.0**	**36.6**	**37.6**
	42.4	**43.9**	**86.3**
2009	$	$	$
Near-mine exploration and resource development[a]	26.1	6.8	32.9
Greenfield exploration projects	0.7	30.2	30.9
	26.8	37.0	63.8
2008			
Near-mine exploration and resource development[a]	13.0	7.4	20.4
Greenfield exploration projects	4.6	25.2	29.8
	17.6	32.6	50.2

[a] Capitalized and expensed exploration related to activities within a mine area are included in mining assets on the consolidated balance sheet and within the segmented information found in note 31 of the Company's annual consolidated financial statements.

The Company's exploration expenditures were as follows:

(in $ millions)	2010	2009	2008
	$	$	$
Capitalized Near-Mine Exploration and Resource Development			
Suriname	**14.4**	12.0	10.6
Canada	**8.7**	9.8	1.0
Mali	**4.9**	1.4	1.4
Burkina Faso	**13.4**	2.9	-
	41.4	26.1	13.0
Capitalized Greenfield Exploration			
South America	**-**	0.2	-
Africa	**1.0**	0.5	4.6
	1.0	0.7	4.6
Total capitalized	**42.4**	26.8	17.6
Expensed Near-Mine Exploration and Resource Development			
Canada	**4.5**	3.8	5.7
Botswana	**0.1**	-	-
Mali	**2.4**	2.3	1.7
Other	**0.3**	0.7	-
	7.3	6.8	7.4
Expensed Greenfield Exploration			
South America	**19.3**	15.3	17.5
Africa	**16.2**	13.8	6.7
Canada	**1.1**	1.1	1.0
	36.6	30.2	25.2
Total expensed	**43.9**	37.0	32.6
Total	**86.3**	63.8	50.2

Outlook 2011 – Exploration

The planned and approved capitalized and expensed exploration for 2011 is $92.1 million and is summarized below.

In 2011, the Company plans to test more than 18 grassroots projects in Senegal, Mali, Colombia, Peru, Brazil and the Canadian province of Québec, and is searching for advanced exploration opportunities or acquisitions.

Following positive exploration results in 2010, IAMGOLD announced a record $43.5 million greenfield spend for 2011, which provides the Company the opportunity to aggressively advance new and existing growth opportunities. Nearly 118,000 metres of drilling are planned across all sites in 2011, with an additional 46,425 metres of aircore drilling budgeted for Essakane. The planned drilling comprises a significant proportion of the overall budget and an important allocation of expenditures in resource development. It further reflects the Company's strategic commitment to organic growth "through the drill bit." An exploration office was re-opened in Val-d'Or in 2010 as part of a plan to reactivate several dormant exploration projects in the Abitibi region of Quebec.

Drilling at near-mine and greenfield exploration sites is projected to exceed 500,000 metres in 2011.

(in $ millions)	Capitalized	Expensed	Total
2011	$	$	$
Near-mine exploration and evaluation	40.3	8.3	48.6
Greenfield exploration projects	0.9	42.6	43.5
	41.2	50.9	92.1

CAPITALIZED EXPLORATION EXPENDITURES

Near-mine exploration and resource development work was in progress during 2010 at Westwood, in addition to significant mine site exploration programs at Rosebel, Niobec, Mouska and Essakane.

South America – Suriname – Rosebel

In alignment with the 2010 corporate objectives for organic growth, the 2010 reserve development and delineation program at Rosebel was designed to extend resources along strike and at depth, to identify new resources near the known deposits, and to convert resources into reserves at a rate exceeding mine depletion. During the fourth quarter of 2010, 17,868 metres of diamond core drilling were completed, bringing the 2010 total to over 94,000 metres. Additionally, geochemical auger sampling, shallow trenching, and field mapping were conducted on prospective areas adjacent to the known deposits.

The program was successful in many aspects, and the confidence level of both the reserves and resources was increased. Significant resources were added to the reserve base. At the end of 2010, attributable measured and indicated mineral resources (inclusive of mineral reserves and depletion replacement) increased by 0.7 million ounces to 7.5 million attributable ounces compared to the end of 2009. Attributable proven and probable mineral reserves at Rosebel increased by 1.1 million ounces (net of depletion during 2010).

Three significant near-mine exploration targets were further developed during the 2010 program. Near the Rosebel deposit, step-out drilling traced the extension of multiple sub-parallel gold mineralized zones east of the current pit design for 700 metres. Two kilometres east and along strike of the Pay Caro deposits, anomalous drill results were followed up with additional surface work and diamond drilling, which clearly identified a fold controlled vein system similar to the East Pay Caro deposit. In the Pay Caro pit area, a low grade system identified in the northwest pushback was targeted and was found to contain higher grade and volumes below the previously drilled near-surface intersections. All three areas will be followed up in 2011 as part of the planned 95,000-metre resource delineation program, in addition to the search for additional opportunities.

Africa – Burkina Faso – Essakane

Resource development drilling resumed in the fourth quarter of 2010 after the rainy season, contributing to over 40,000 metres (8,579 metres during the fourth quarter of 2010) drilled during the year. The focus of the 2010 step-out and infill drill campaign was on the immediate northern and southern extensions of the Essakane Main Zone ("EMZ") and on the eastern down-dip flank of the deposit. While several significant intersections were encountered in all zones, the northern on-strike extensions of the EMZ have shown the most promising and consistent results to date and the highest potential for increasing reserves.

In addition to the delineation drilling noted above, extensive drilling, totaling 30,327 metres of combined reverse circulation and diamond drilling, was carried out along the projected northwest and southeast trends of the EMZ. Exploration to the northwest intersected significant gold mineralization at potentially economic depths for more than one kilometre past the established resource. Exploration along widely spaced fences of reverse circulation holes to the southeast, and approximately one kilometre south of the EMZ resource, encountered narrow and sporadic gold mineralized intercepts. Drilling will continue in 2011 in both areas with the primary objective to expand the northern limits of the current EMZ resource beyond the Gorouol River.

Elsewhere within the mine permit, three previously unknown drill targets were identified within eight kilometres of the Essakane mill and mine infrastructure beneath thin sand sheets. The windblown sands cover significant portions of the Essakane land package and are first evaluated with systematic aircore drilling. The highest priority target is located south of the Falangountou deposit where assay values of as much as 5.5 g/t Au were intercepted at shallow depths. These targets, as well as other targets identified during the 2010 exploration program, provide excellent potential for discovery of new resources and will be the focus of aggressive exploration in 2011. Drilling resumed in January 2011 with the objective to discover new sources of oxide feed for Essakane.

An aggressive in-fill and step-out drilling campaign will be a priority of the 2011 drilling program, and 50,000 metres of drilling (25,000 metres of diamond drilling and 25,000 metres of reverse circulation drilling) are planned within a total budget of $6.6 million. Additionally, 37,100 metres of drilling are planned for continued exploration within the mine permit as part of the $5.3 million exploration budget that is independent of the resource delineation work.

Canada – Quebec – Mouska

The 36,600-metre underground diamond drill program initiated in the second quarter of 2010 was 25% complete (9,240 metres) in the fourth quarter of 2010 with approximately 3,800 metres of drilling during the quarter. The exploration and resource delineation program is targeting Zone 47, a newly recognized subsidiary vein structure located only 35 metres north of existing workings. Work to date has confirmed the geologic reinterpretation of historic drill results that led to the discovery of Zone 47, and established continuity of the vein structure both horizontally and vertically. At the end of 2010, more than 70,000 tonnes at an average grade of 11.9 g/t Au were added to the reserves, and resource conversion drilling was in progress on additional resources. Zone 47 remains open at depth and to the west.

Canada – Quebec – Niobec

A total of 17,365 metres of step-out and resource delineation drilling were completed at Niobec in 2010. A similar plan is in place for 2011 with 17,000 metres of delineation drilling planned for exploration and resource conversion, and to provide for more robust mine development planning. Included in the 2011 plan is a provision for 9,000 metres of step-out drilling for the western sector of the mine, and to further explore the depth extension of the deposit.

GREENFIELD EXPLORATION EXPENSES

During 2010, the Company's exploration team had an on-site presence in 10 countries within North and South America and Africa, including greenfield exploration work on regional land positions in proximity to the Company's operating mines at Essakane and Rosebel. An exploration office was re-opened in Val-d'Or in 2010 as part of a plan to reactivate three projects in the Abitibi region of Quebec and expand the Company's exploration presence.

South America – Brazil

A total of 6,241 metres of diamond drilling was carried out during 2010 to evaluate several early-stage project areas located in the Minas Gerais mining district and in southern Para State. In the fourth quarter of 2010, the Company completed a 3,668-metre drill campaign on the Company's wholly owned Congonhas project, located in the historic Minas Gerais gold mining district of Brazil. Narrow intercepts of gold mineralization were encountered during the 2010 program with peak assay values of 2.61 g/t Au over 3.48 metres in FVG-020 and 4.58 g/t Au over 0.42 metres in FVG-031. The 30-kilometre-long property package and mineralized trend has been explored with several drill campaigns by the Company since 2007. Additional drill targets remain in the northern sector of the property, but the Company is examining various alternatives for continued exploration on the project. IAMGOLD holds over 1,050 square kilometres of exploration lands elsewhere in the Minas Gerais district that will be the subject of additional work.

The scout diamond drilling campaign on the Company's Para concessions was completed early in the fourth quarter of 2010, with a total of nineteen holes for 2,573 metres drilled during the year. All holes intersected intervals of hydrothermal alteration enveloping quartz-pyrite vein stockworks and breccias, with the best results grading 14.6 g/t Au over 0.83 metres in FVE-001, 6.1 g/t Au over 1.4 metres and 8.3 g/t Au over 0.64 metres in FVE-012, all within a significant gold mineralizing system. The 2011 exploration program aims to advance the understanding of the resource potential of this system and expand the regional exploration coverage to identify similar occurrences elsewhere within the Company's 1,200-square-kilometre land package.

South America – Peru

The Company carried out exploration on four early stage projects in 2010 including a 2,900-metre diamond drill campaign on the wholly owned Candelaria project in southern Peru. In 2011, drill campaigns are planned on three exploration projects including Candelaria, in addition to regional surveys and examination of acquisition opportunities.

South America – Guyana

In September 2010, Stronghold Metals Inc. ("Stronghold") entered into a definitive earn-in and joint venture agreement with IAMGOLD on the Company's Eagle Mountain gold project in Guyana. Stronghold has the option to acquire 100% of the property under certain circumstances and upon completion milestones that include minimum exploration expenditures of $3.5 million. If Stronghold completes the requirements under the option, acquires 100% of the property and receives a mining permit for the project, the total consideration to be paid to IAMGOLD is up to $11 million and the issuance of 6 million Stronghold shares.

South America – Suriname

In Suriname, 16 kilometres north of the Rosebel mine, extensive exploration was carried out in 2010 on the Company's Charmagne gold discovery, including 10,387 metres of core drilling in 76 holes. Preliminary metallurgical test work is complete, and geology and resource modeling is nearing completion. A preliminary concept study is scheduled for the first quarter of 2011 to provide the basis for a constrained in-pit inferred resource and economic justification for further work.

A 12-hole diamond drill hole program was completed at the Kraboe Doin prospect located 18 kilometres south of the Rosebel mine complex. A large cluster of zones anomalous in gold extend over more than 8 kilometres, and the 2010 program tested the eastern portion with plans to resume drilling in early 2011. In 2011, the Company plans more than 15,500 metres of diamond drilling on grassroots and near-mine exploration in Suriname. This drilling is in addition to the minimum 95,000-metre resource expansion program planned for the Rosebel mine area.

Africa – Burkina Faso – Essakane

During the fourth quarter of 2010, exploration work continued on the Company's 1,283-square-kilometre block of exploration concessions surrounding the mine permit. A multi-year aircore drilling program is being carried out over areas covered with thin sheets of windblown sands, and 12,432 metres were completed during the year. The sands cover significant portions of the Company's concession area and limit the use of traditional surface geochemical sampling techniques. Exploration will focus on established gold mineralized trends closest to the Essakane infrastructure, most notably the more than 10-kilometre-long gold anomalous Korizena trend, and the Alkoma 2 prospect.

Africa – Mali – Kalana Joint Venture

Subject to the terms of an agreement with Avnel Gold Mining Limited ("Avnel"), the Company has the right to earn a 51% interest in the Kalana joint venture by spending $11 million over three years and making a second payment of $1 million to Avnel by August 2010. The Company may also increase its share of the available interest in the project up to 70% upon delivery of a feasibility study, or up to 65% if Avnel elects to participate in the study. The prescribed $1 million cash payment was made to Avnel during the year, and at December 31, 2010, $6.9 million in exploration expenditures had been expended on the property in fulfillment of the $11 million earn-in condition.

The Company has made significant progress in constructing a detailed and predictive geologic model of the Kalana mineralization system. Significant gold mineralization has been intersected beyond the limits of the Kalana high-grade underground operation and on the Kalanako satellite zone located only three kilometres east of the deposit. Systematic drill testing recommenced in January 2011 with two diamond drills within the mine area as part of a 34,500-metre combined diamond and reverse circulation drill program of $8 million. The exploration program is designed to develop a preliminary resource estimate that incorporates the known high-grade veins with the potential bulk minable material in the surrounding mineralized envelopes. Satellite zones, such as Kalanako, offer significant upside potential and will be an important part of the 2011 exploration program.

The previously reported remedial drill sample re-assay program initiated in October in response to sample preparation irregularities is about 85% complete and is now expected to be finished in the first quarter of 2011. The preliminary re-assay results returned to date show increased gold values from earlier results, and the Company is confident that the re-assay program will support the exploration potential as interpreted by IAMGOLD's exploration team.

Africa – Mali – Fougadian Joint Venture

In December 2010, the Company entered into an option-to-joint-venture agreement with Avnel to acquire an initial 51% interest of the available 90% interest, in a 147-square-kilometre concession package located immediately south of the Kalana mine permit. The Company may acquire an additional 19% interest (total 70%) upon completion of certain conditions including establishing a minimum gold resource of 250,000 ounces. Fougadian had been previously explored by Avnel, and the combined permit area consolidates more than 534 square kilometres of prospective exploration lands within the prolific Proterozoic Birimian gold terrane that is host to all principal gold mines in West Africa. A detailed airborne magnetic survey acquired by the Company revealed regional structural controls on gold mineralization extending from Kalana southwards through the 20-kilometre-long land package.

Africa – Mali – Siribaya Joint Venture

The Siribaya advanced exploration gold project in Mali is held under an option to joint venture with Merrex Gold Inc. ("Merrex"). IAMGOLD can earn a 50% interest in the project by incurring C$10.5 million in exploration expenses, and at the end of 2010 the Company had expended C$6.8 million towards this earn-in condition. Drilling to date on the Siribaya trend has focused on four kilometres of an eight- to nine-kilometre-long gold mineralized structural corridor defined by geochemistry and geophysics. Significant intercepts have been recorded within the mineralized corridor and on trend with the established resource areas described by Merrex.

A minimum C$3.0 million budget for 2011 will include 17,000 metres of reverse circulation drilling. The program is designed to systematically test the mineralized corridor on wide-spaced 500-metre sections for more than three kilometres beyond the limits of the existing drill coverage.

A sub-parallel mineralized zone, Bambadinka, is a priority satellite target located two kilometres west of the Siribaya trend and has been delineated for four kilometres in a north-south direction using mechanized auger drilling. Bambadinka, as well as other promising satellite targets, will be tested as part of the 2011 program.

Canada – Quebec

In February 2011, the Company subscribed to a private placement of DIOS Exploration Inc. ("DIOS") in an amount of C$1.2 million for 3,428,572 common shares, representing 8.95% of the issued and outstanding shares of DIOS, at a price of C$0.35 per share. No less than 80% of the proceeds will be committed to their Shipshaw project, a potential rare earth-bearing carbonatite complex, located seven-kilometres south of the IAMGOLD's Niobec mine. IAMGOLD is further granted an exclusive option to enter into an option-to-joint-venture agreement to earn 60% of DIOS's interest in the project within two years of the private placement, exercisable no earlier than one year of the private placement or DIOS having completed exploration spending of 80% of the placement.

FINANCIAL POSITION

Financial Risks

The Company manages capital and its exposure to financial risks by ensuring it has sufficient financial capacity to support its operations, current mine development plans and long-term growth strategy.

The Company is subject to various financial risks that could have a significant impact on profitability and financial conditions. These risks include liquidity risk, credit risk and financial market conditions relating to interest rates, gold price, oil price and currency rates.

Liquidity risk and capital resources

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company has treasury policies designed to support management of liquidity risk by proactively mitigating exposure through cash management, including forecasting its liquidity requirements with available funds and anticipated operating cash flows.

The adequacy of the Company's capital structure is assessed on an ongoing basis and adjusted as necessary after taking into consideration the Company's strategy, forward gold and niobium prices, the mining industry, economic conditions and the associated risks. In order to maintain or adjust its capital structure, the Company may adjust its capital spending, adjust the amount of dividend distributions, issue new shares, purchase shares for cancellation pursuant to normal course issuer bids, extend its credit facility, issue new debt, repay existing debt or sell gold bullion.

The Company ended the year with a strong balance sheet, having $411.3 million in cash, cash equivalents and gold bullion evaluated at market value, compared to $300.1 million at the end of 2009. This increase is mainly due to record cash flow from operating activities of $415.1 million, partially offset by capital expenditures in mining assets and exploration and development projects.

The Company issued flow-through shares related to the Westwood project, and the Company's warrants were exercised, as described in note 21 of the Company's consolidated financial statements.

On March 25, 2010, the Company increased its $140.0 million secured revolving credit facility to a $350.0 million unsecured revolving credit facility (refer to note 17 of the consolidated financial statements). As at December 31, 2010, no funds were drawn against this credit facility. In addition, on April 23, 2010, the Company entered into a $50.0 million revolving facility for the issuance of letters of credit. As at December 31, 2010, $18.2 million in letters of credit were outstanding to guarantee certain asset retirement obligations.

The filing of a base shelf prospectus in 2009 with the securities regulators in each province and territory of Canada (except for Quebec), and a corresponding registration statement with the SEC in the United States, allows the Company to make offerings of common shares, warrants, debt securities, subscription receipts or any combination thereof of up to $700 million until August 29, 2011. The Company plans to renew this base shelf prospectus in 2011.

In February 2011, IAMGOLD received $49 million for the sale of its La Arena project, and on February 24, 2011, IAMGOLD entered into an agreement for a private placement of flow-through shares. The issuance of 1.7 million shares at a price of $25.48 per share raised gross proceeds of C$43.3 million.

Cash and Cash Equivalents

December 31	2010	2009
(in $ millions)	$	$
Cash	269.2	182.6
Cash equivalents: Short-term deposits with initial maturities of less than three months	1.6	8.8
Cash and cash equivalents	270.8	191.4

Gold Bullion

December 31	2010	2009
Ounces held (oz)	100,001	99,999
Weighted average acquisition cost ($/oz)	404	404
Acquisition cost ($ millions)	40.4	40.4
End of year spot price for gold ($/oz)	1,406	1,088
End of year market value ($ millions)	140.6	108.7

Gold bullion is held in the accounts of reputable and authorized counterparties, which include Canadian chartered banks, refineries, metals dealers and foreign banks as reviewed and approved by senior management on a continual basis. For accounting purposes, gold bullion is valued at cost in the Company's consolidated balance sheet. In 2010, the Company purchased two ounces of gold. In 2009, the Company sold 73,705 ounces of its gold bullion at an average price and cost of $901 and $404, respectively, with proceeds of $66.4 million and a gain before income taxes of $36.6 million.

Working Capital

December 31	2010	2009
Working capital ($ millions)	345.6	264.8
Current working capital ratio	2.4	2.2

During 2010, working capital increased by $80.8 million mainly due to increased cash and cash equivalents.

Contractual Obligations

Contractual obligations as at December 31, 2010, are presented in tabular form below. These obligations will be met through available cash resources and operating cash flows.

	Payments Due by Period				
(in $ millions)	Total	Less than 1 Year	2–3 Years	4–5 Years	After 5 Years
	$	$	$	$	$
Capitalized expenditures commitments	32.2	32.2	-	-	-
Purchase obligations	41.2	41.2	-	-	-
Operating leases	5.9	1.9	2.6	1.1	0.3
Termination benefits	2.6	2.3	0.3	-	-
Asset retirement obligations	230.9	4.8	17.5	15.5	193.1
Total contractual obligations	312.8	82.4	20.4	16.6	193.4

Capital expenditures commitments relate to contractual commitments to complete facilities at some of the Company's mines. Purchase obligations relate to agreements to purchase goods and services that are enforceable and legally binding on the Company. Operating leases refer to total payment obligations related to operating lease agreements.

Termination benefits relate to the Doyon division. The Mouska mine, originally scheduled to close at the end of 2009, has been extended into early 2012. In 2010 and 2009, termination benefits provisions were reduced due to mine life extension at the Mouska mine and the continued employment of certain Doyon mine employees at the Westwood and Essakane sites.

The Company also holds hedging contracts that are described below. Production from certain mining operations are subject to third-party royalties and management fees as described in note 29 of the Company's annual consolidated financial statements.

Asset retirement obligations

Asset retirement obligations are the Company's attributable share of the estimated decommissioning and rehabilitation costs that will be incurred at the Company's mines. The timing of the expenditures is dependent upon the actual life of mine achieved.

The Company's activities are subject to various laws and regulations regarding environmental restoration and closure provisions, for which the Company estimates future costs. These provisions may be revised on the basis of amendments to such laws and regulations and the availability of new information such as changes in reserves corresponding to a change in the mine life, acquisition or construction of new mines. According to management's estimate, cash flows provided by the Company's operations and expected from the sale of residual equipment will be sufficient to meet the payment obligations.

As at December 31, 2010, the Company had letters of credit in the amount of $18.2 million to guarantee asset retirement obligations.

Every year, the Company re-evaluates the asset retirement obligation for each site. This revaluation results in changes to estimated amounts of cash flows required to settle these obligations. At December 31, 2010, estimated undiscounted amounts of cash flows required to settle the obligations, expected timing of payments and the average credit-adjusted risk-free rate assumed in measuring the asset retirement obligations were as follows:

(in $ millions)	Undiscounted Amounts Required	Expected Timing of Payments	Average Credit-Adjusted Risk-Free Interest Rate
	$		
Rosebel mine	42.2	2011–2028	6.43%
Essakane mine	16.6	2020–2034	6.25%
Doyon mine	113.6	2011–2041	5.65%
Mouska mine	2.3	2012–2020	4.36%
Westwood project	2.5	2029–2040	5.78%
Mupane mine	9.2	2011–2016	4.36%
Sadiola mine (41%)	19.9	2011–2038	5.60%
Yatela mine (40%)	12.1	2011–2021	4.55%
Niobec mine	8.6	2011–2029	5.76%
Other sites	3.9	2011–2109	4.03%–5.73%
	230.9		

At December 31, 2010, a liability of $139.7 million, representing the discounted value of these obligations, is included in the Company's consolidated balance sheet. The increase in obligations during 2010 was mainly related to revision in the estimated cash flows and timing of payments, and accretion expenses. The increase in estimated cash flows and timing of payments was mainly related to the Doyon closed property due to changes to remediation plans. Disbursements, totaling $3.3 million, were incurred during 2010 (2009 – $6.7 million).

In 2010, Westwood and Essakane were granted their ISO 14001 Environmental Management System certification. Each of the Company's mines, except the Mupane mine, is certified under the ISO 14001 standard for environmental management.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The maximum amount of credit risk is equal to the balance of cash and cash equivalents, receivables, and derivative assets. The Company holds cash and cash equivalents in creditworthy financial institutions and does not hold any asset-backed commercial paper. The credit risk related to the Company's receivables is considered minimal.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. For hedging activities, it is the risk that the fair value of a derivative might be adversely affected by a change in underlying commodity prices or currency exchange rates and that this in turn affects the Company's financial condition.

The Company mitigates market risk by establishing and monitoring parameters that limit the types and degree of market risk that may be undertaken, establishing trading agreements with counterparties under which there is no requirement to post any collateral or make any margin calls on derivatives. Counterparties cannot require settlement solely because of an adverse change in the fair value of a derivative.

Market risk comprises three types of risk:

- share, gold and commodity market price risk,
- currency risk, and
- interest rate risk.

Marketable securities and warrants

IAMGOLD holds certain marketable securities following the settlement of specific transactions (e.g., disposal of a project in exchange for the shares of the counterparty) or as a strategic investment. These investments relate to mining companies which are part of a volatile market. Share market price exposure risk is related to the fluctuation in the market price of marketable securities.

In 2010, the Company sold some of its investments in marketable securities and is planning to additional investments in 2011. Gains of $21.0 million during 2010 (2009 – $2.5 million) were recognized in the consolidated statement of earnings. At the end of the year, the Company reviewed the value of marketable securities for other-than-temporary impairment based on both quantitative and qualitative criteria and determined that no impairment charge was required in 2010 (2009 – $4.6 million impairment charge recorded in other expenses). The Company accounted for the related unrealized changes in the quoted share market value as disclosed in note 15 of the Company's consolidated financial statements.

The Company also has share purchase warrants held in investments included in other long-term assets on the consolidated balance sheet. The unrealized gain or loss related to changes in fair value is reported under derivative gain or loss in the consolidated statement of earnings. An unrealized gain of $4.0 million related to the change in the fair value of warrants held as investments was recorded in 2010 (2009 – $2.3 million unrealized gain).

At December 31, 2010, the impact of a change of 10% in the fair value of marketable securities and warrants would have resulted in a change in unrealized net of tax gain/loss of $5.8 million that would be included in other comprehensive income, and a change of $0.4 million in net earnings.

Derivative instruments

Commodity prices in the gold industry are facing significant volatility, and all of the factors that determine them are beyond the Company's control. The Company is focused on controlling cost at its existing mining operations and deploys hedging strategies to manage its commodity and currency risk.

The Company enters into hedging contracts to limit the impact of fluctuations as a result of volatilities in the world markets by hedging a portion of the Mupane mine's gold production, its requirement of Canadian dollars and of euros, and its expected consumption of diesel and aluminum. At the end of 2010, there were no outstanding derivative contracts except for a portion of the Mupane mine's gold production. The Company may enter into option contracts to hedge a portion of its exposure to the Canadian dollar, the euro, heating oil and aluminum for 2011.

At year end, fair values of the Company's derivatives were as follows:

December 31		**2010**		2009
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
(in $ millions)	**$**	**$**	$	$
Derivatives – Gold option contracts	**(11.8)**	**(11.8)**	**-**	**-**
Derivatives – Currency contracts	**-**	**-**	**0.1**	**0.1**
Derivatives – Heating oil option and swap contracts	**-**	**-**	**2.7**	**2.7**
Derivatives – Aluminum option contracts	**-**	**-**	**0.2**	**0.2**
	(11.8)	**(11.8)**	**3.0**	**3.0**

Gold market price risk

The market risk related to the fluctuation in the price of gold has an impact on the fair value of the gold forward contracts.

Due to Mupane's short life of mine and to secure its margin, at the beginning of 2010 the Company entered into gold option contracts to protect the majority of the mine's production for 2010, 2011 and 2012. These hedges are intended to support a positive operating cash flow from the limited life of the operation. As of December 31, 2010, the options provided protection on 52,800 ounces in 2011 at prices between $1,000 and $1,400 per ounce and on 54,000 ounces in 2012 at prices between $1,000 and $1,500 per ounce. The total of these option contracts provides hedges of in excess of 80% of the expected production through 2013. During 2010, option contracts for 25,200 ounces of gold expired without being exercised while option contracts for 16,400 ounces were exercised.

Fair value adjustments (unrealized loss on contracts) and realized losses on deliveries were recognized during 2010 and recorded as follows:

Years ended December 31	**2010**	2009
(in $ millions)	**$**	$
Unrealized loss on contracts – Mupane	**11.8**	-
Unrealized loss on contracts – EURO Ressources	**-**	1.6
Realized loss – Mupane	**0.9**	-
Total included in derivative loss	**12.7**	1.6

December 31		**2010**		2009
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
(in $ millions)	**$**	**$**	$	$
Gold option contracts (Mupane)				
Expiring in 2011	**(5.5)**	**(5.5)**	-	-
Expiring in 2012	**(6.3)**	**(6.3)**	-	-
	(11.8)	**(11.8)**	**-**	**-**

As at December 31, 2010, the valuation of the remaining gold option contracts was based on a gold price of $1,410 per ounce and, following the assumption of an increase or a decrease of $100 per ounce, would have been as follows:

	December **31, 2010** **$1,410/oz**	Increase of $100/oz at $1,510/oz	Decrease of $100/oz at $1,310/oz
	Fair Value	Fair Value	Fair Value
(in $ millions)	**$**	$	$
Gold option contracts	**(11.8)**	(19.0)	(6.2)

Currency exchange rate risk

Movements in the Canadian dollar and the euro against the U.S. dollar have a direct impact on the Company's financial statements. International operations have exposure to currencies; however, metal sales are mainly transacted in U.S. dollars and a significant portion of each international operation's cost base is denominated in U.S. dollars.

In 2010 and 2009, the Company used foreign exchange contracts to mitigate the risk of variability of the U.S. dollar compared to the Canadian dollar, South African rand and the euro.

At the end of 2010, there were no outstanding currency contracts. The Company may enter into option contracts to hedge up to 75% of its exposure to the Canadian dollar and the euro for 2011. The Company's objective is to hedge its exposure to the Canadian dollar requirement due to capital expenditures required to advance the Westwood project and operating and capital expenditures at the Niobec and the Essakane mines.

Fair value adjustments were recognized during the year and recorded as an unrealized derivative gain or loss. A realized loss of $0.7 million related to the derivative contracts was also accounted for in 2010. In addition, in April 2010 one of the Company's subsidiaries entered into a foreign exchange forward contract with its financial institution to mitigate the impact of foreign exchange changes on the issuance premium to be paid in euros in May 2010. The forward price agreed to was €1 for $1.3570 and on the day of maturity the exchange rate was €1 for $1.2201 resulting in a realized derivative loss of $2.4 million during the second quarter of 2010.

Years ended December 31	**2010**	2009
(in $ millions)	**$**	$
Unrealized gain on contracts	**-**	(0.6)
Realized loss (gain)	**3.1**	(2.9)
Total included in derivative loss (gain)	**3.1**	(3.5)

Foreign exchange loss or gain

The foreign exchange loss in 2010 was $1.7 million compared to a foreign exchange gain of $27.0 million in 2009. The majority of the foreign exchange loss during 2010 and the gain in 2009 were related to the impact of foreign exchange variation on cash held in Canadian dollars. The amount was larger in 2009 resulting from the equity financing in Canadian dollars during the first quarter of 2009.

In relation to cash held in foreign currencies at the end of 2010, a 10% weaker currency against the U.S. dollar would have negatively impacted net earnings by $1.9 million net of tax impact. A 10% stronger currency against the U.S. dollar would have positively impacted net earnings by $2.3 million net of tax impact.

Heating oil option contracts and fuel market price risk

Diesel is a key input to extract tonnage and, in some cases, to wholly or partially power operations. Since fuel is produced by the refinement of crude oil, changes in the price of oil directly impact fuel costs. The Company believes there is a strong relationship between prices for heating oil prices and diesel. Since heating oil is traded in an active market, the Company uses heating oil swap and option contracts to mitigate the risk of oil price volatility on fuel consumption.

In 2010, the Company entered into swap and option contracts to hedge 11,970,000 gallons or 50% of 2010 planned fuel requirements at the Rosebel, Essakane, Mupane, Sadiola, and Yatela operations. The net premium paid on the option contracts to hedge the planned requirements was $1.6 million (premium average price of $0.19 per gallon).

At the end of 2010, there were no outstanding heating oil contracts. The Company may enter into option contracts to hedge up to 75% of its exposure for 2011.

Fair value adjustments were recognized during the year and recorded as an unrealized derivative loss. A realized gain of $0.1 million (net of the premium paid of $1.6 million) relating to the derivative contracts was also accounted for in 2010.

Years ended December 31	**2010**	2009
(in millions $)	**$**	$
Unrealized gain on contracts expiring in 2009	**-**	(0.8)
Unrealized loss (gain) on contracts expiring in 2010	**1.1**	(1.1)
Realized loss (gain)	**(0.1)**	2.0
Total included in derivative loss	**1.0**	0.1

Aluminum option contracts and market price risk

Aluminum is a key input in the production of niobium. In 2009, the Company entered into contracts to limit the impact of fluctuations of aluminum prices and to economically hedge approximately 20% of its future consumption of aluminum for 2010 at the Niobec mine. The valuation of these contracts was based on an aluminum price of between $1,667 and $2,076 per metric tonne, at no cost, for the 2010 consumption. At December 31, 2010, there were no outstanding aluminum option contracts. The Company may enter into option contracts to hedge a portion of its exposure for 2011.

Fair value adjustments were recognized during the year and recorded as an unrealized derivative loss. A realized gain of $0.1 million related to the derivative contracts was also accounted for in 2010.

Years ended December 31	**2010**	2009
(in millions $)	**$**	$
Unrealized loss (gain) on contracts expiring in 2010	**0.2**	(0.2)
Realized gain on contracts expiring in 2010	**(0.1)**	-
Total included in derivative loss (gain)	**0.1**	(0.2)

Shareholders' Equity

At the end of 2010, the Company announced an annual dividend payment of $0.08 per share (2009 – $0.06 per share), totaling $29.8 million, which was paid on January 14, 2011 ($22.1 million in 2009 paid on January 12, 2010). The Company also reported that, in future, it plans to pay its dividend semi-annually.

Number	**December 31, 2010**	March 22, 2011
Shares issued and outstanding	**372,849,289**	374,691,829
Share options	**4,732,649**	4,541,442

The increase in the number of shares issued and outstanding since December 31, 2010, is due to the exercise of options and issuance of flow-through shares. On February 24, 2011, IAMGOLD entered into an agreement for a private placement of flow-through shares. The issuance of 1,700,000 shares at a price of $25.48 per share raised gross proceeds of C$43.3 million.

Non-controlling Interests

The non-controlling interests relate to the minority partners' interests in Rosebel Gold Mines N.V. (the Rosebel mine), EURO Ressources S.A., La Arena S.A. (the La Arena project), and Orezone Resources Inc. (the Essakane mine).

RELATED PARTY TRANSACTIONS

In 2010, 2009 and 2008, there were no material related party transactions.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

Pursuant to regulations adopted by the U.S. Securities and Exchange Commission (SEC), under the Sarbanes-Oxley Act of 2002 and those of the Canadian Securities Administrators, the Company's management evaluates the effectiveness of the design and operation of the Company's disclosure controls and procedures and internal controls over financial reporting. This evaluation is done under the supervision of, and with the participation of, the President and Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO").

Disclosure Controls and Procedures

As at the end of the period covered by this MD&A and accompanying consolidated financial statements, the CEO and the CFO have reviewed and evaluated the design and effectiveness of the Company's disclosure controls and procedures. Based on that evaluation, the CEO and the CFO have concluded that the Company's disclosure controls and procedures were effective as at December 31, 2010.

Internal Controls over Financial Reporting

Management of the Company, with the participation of the CEO and the CFO, is responsible for establishing and maintaining adequate internal controls over financial reporting. The Company's internal controls over financial reporting are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles.

Management, including the CEO and the CFO, evaluated the design and effectiveness of the Company's internal control over financial reporting as at December 31, 2010. In making its assessment, management, including the CEO and the CFO, used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission over Internal Control – Integrated Framework. The evaluation included review of the documentation of controls, evaluation of the design and testing the operating effectiveness of controls, and a conclusion on this evaluation. Based on their evaluation, the CEO and the CFO have concluded that the Company's internal control over financial reporting was effective as at December 31, 2010.

There have been no significant changes in the Company's internal control over financial reporting for 2010.

Limitations of Controls and Procedures

The Company's management, including the CEO and the CFO believes that any disclosure controls and procedures and internal controls over financial reporting, no matter how well designed, can have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance that the objectives of the control system are met.

CRITICAL ACCOUNTING ESTIMATES

The Company's consolidated financial statements are prepared in conformity with Canadian generally accepted accounting principles ("GAAP"). The significant accounting policies for the purposes of Canadian GAAP are described in note 2 of the Company's annual consolidated financial statements.

Preparation of the consolidated financial statements requires management to make estimates and assumptions. The Company considers the following estimates to be the most critical in understanding the uncertainties that could impact its results of operations, financial condition and cash flows.

Mineral Reserves and Mineral Resources

Mineral reserve and resource estimates include numerous uncertainties and depend heavily on geological interpretations and statistical inferences drawn from drilling and other data, and require estimates of the future price for the commodity in question and the future cost of operations. Actual production costs may be different than estimated production costs due to many factors, including increasing costs of inputs such as labour, energy and consumables as well as higher royalty expenses related to the price of gold.

Level of production may also be affected by other factors such as weather and supply shortages. Results from drilling, testing and production, as well as material changes in metal prices subsequent to the date of an estimate, may justify revision of such estimates.

The key operating parameters to determine mineral reserves and resources are summarized below. For more information, refer to the detailed presentation of reserves and resources included in the 2010 annual report and at the Company's website (www.iamgold.com).

	2010	2009	2008
Weighted average gold price used for:			
Gold reserves ($/oz)	937 [(a)]	833 [(c)]	658[(e)]
Gold resources ($/oz)	1,053 [(b)]	977 [(d)]	703[(e)]
Niobium sale price			
Niobium reserves and measured and indicated resources ($/kg Nb)	25.00	25.00	26.00
Niobium inferred resources ($/kg Nb)	37.50	25.00	26.00
Foreign exchange rate (C$/US$):			
Reserves and measured and indicated resources	1.15	1.15	1.10
Inferred resources	1.05	1.15	1.10

(a) Mineral reserves have been estimated at December 31, 2010, using a gold price of $975 per ounce for Rosebel and Essakane mines, $1,200 per ounce for Mouska (with a foreign exchange rate of 1.05C$/US$) and Mupane mines, $900 per ounce for the Sadiola mine, and $1,000 per ounce for the Yatela mine. Mineral reserves have been estimated at June 30, 2010 for the Tarkwa and Damang mines using $925 per ounce. Mineral reserves for the Quimsacocha project were estimated in July 2008 using $750 per ounce.

(b) Mineral resources have been estimated at December 31, 2010, using a gold price of $1,100 per ounce for Rosebel, Essakane and Sadiola mines, $1,200 per ounce for the Doyon division (with a foreign exchange rate of 1.05C$/US$ for Mouska and 1.10C$/US$ for the Doyon mine), and Mupane mines, and $1,180 per ounce for the Yatela mine. Mineral resources have been estimated at June 30, 2010 for the Tarkwa and Damang mines using $1,000 per ounce.

(c) Mineral reserves have been estimated using a gold price of $850 per ounce except for the Tarkwa and Damang mines using $800 per ounce (as at June 30, 2009), the Sadiola and Yatela mines using $880 per ounce, and the Sadiola deep sulphide project using $800 per ounce (as at October 31, 2009).

(d) Mineral resources have been estimated using a gold price of $1,000 per ounce, except for the Sadiola and Yatela mines using $1,025 per ounce, and Quimsacocha using $700 per ounce (July 2008). Resources of the Tarkwa and Damang mines were estimated as at June 30, 2009.

(e) Mineral reserves and resources have been estimated using a gold price of $700 per ounce, except for the Tarkwa and Damang mines using $650 per ounce, the Yatela mine using $870 per ounce, the Essakane project using $600 per ounce, and the Camp Caiman project using $425 per ounce.

Purchase Price Allocation

Business combinations are accounted for under the purchase method of accounting whereby identifiable assets acquired and liabilities assumed are recorded at fair value as of the date of acquisition, with the excess of the purchase price over such fair value recorded as goodwill. The determination of fair value requires management to make assumptions and estimates about future events. The Company also retains outside specialists to assist in determining the final allocations of the fair values for certain assets. The assumptions and estimates with respect to determining the fair value of assets acquired and liabilities assumed generally require a high degree of judgement and include estimates of mineral reserves and resources acquired, future commodity prices, discount rates and foreign exchange rates. Changes in any of the assumptions or estimates used in determining the fair value of acquired assets and liabilities assumed could have an impact on the allocation of the fair value to balance sheet items and on future results.

Depreciation, Depletion and Amortization

Mining assets and any fair value increment related to the original acquisition of the working interests are amortized over the estimated economic life of the mine. If the expected useful life of the assets is less than the life of the deposit, depreciation is based on their anticipated useful life on a straight-line basis. Amounts relating to values beyond proven and probable ("VBPP") reserves are not amortized until the related resources are converted into reserves.

Amortization of producing royalty interests is calculated using the units-of-production method with an estimated economic life of mine corresponding to the property's reserves and resources. In the estimation of the units of production, the nature of the orebody and the method of mining the orebody are taken into consideration. Changes in the mineral reserves estimate will result in changes to the depreciation and amortization charges over the remaining life of the operation.

Impairment of Long-Lived Assets

The carrying amounts shown on the balance sheet for long-lived assets are regularly tested for impairment of value as described in note 2 of the Company's annual consolidated financial statements on significant accounting policies.

The Company evaluates long-lived assets to determine whether current events, economic conditions and circumstances indicate that the carrying amount may no longer be supportable. The fair values are based, in part, on certain factors that may be partially or totally outside of the Company's control. The Company's fair value estimates are based on mineral reserves and resources as mentioned above and on numerous assumptions. If the Company fails to achieve its valuation assumptions or if one of its reporting units experiences a decline in its fair value this may result in an impairment charge. The impairment charge may be significant and could have a material effect on the Company's financial position and results of operation.

Impairment of Goodwill

The carrying value of goodwill on the balance sheet is not amortized and is tested for impairment at least annually or when there is evidence of potential impairment as described in note 2 of the Company's annual consolidated financial statements. The fair value of each reporting unit, which includes goodwill, is compared to the total carrying amount (including goodwill) of that reporting unit. If the fair value exceeds the carrying value, goodwill is not considered to be impaired. If the fair value is less than the carrying value, the fair values of the assets and liabilities within the reporting unit are estimated. The difference between the fair value of the identifiable assets and liabilities within the reporting unit and the fair value of the entire reporting unit represents the implied fair value of the goodwill of the reporting unit. When the carrying value of goodwill exceeds the implied fair value, the excess is charged to earnings in the period in which the impairment is determined. Due to the fact that each reporting unit has a finite reserve life, goodwill impairment charges are inevitable. The Company cannot predict if an event that triggers impairment will occur, when it will occur or how it will affect the asset amounts reported. However, the Company believes that these estimates are reasonable and consistent with current conditions, internal planning and expected future operations.

Fair Value of Financial Instruments

The Company has financial instruments recorded at fair value on the balance sheet. Cash and cash equivalents are designated as held-for-trading and are recorded at fair value.

Investments in marketable securities designated as available-for-sale are accounted for at their fair value, which is determined based on the last quoted market price. Changes in market value as well as the related tax impact are accounted for in other comprehensive income ("OCI") until the marketable security is sold or is determined to be other than temporarily impaired. When marketable securities are sold or are determined to be other than temporarily impaired, the related accumulated change in OCI is reversed and the actual gain or loss on disposal or the impairment charge is accounted for in the consolidated statement of earnings. Investments in equity instruments that do not have a quoted market price in an active market are measured at cost.

Warrants held as investments in other companies are classified as held-for-trading and measured at fair value using the Black-Scholes pricing model. Unrealized gains or losses related to changes in fair value of warrants held as investments are reported as a derivative gain or loss in the consolidated statement of earnings.

Derivative instruments related to gold, currency, heating oil and aluminum are accounted for at their fair value on the balance sheet date, and the change in market value from the acquisition or inception is included in the consolidated statement of earnings as a derivative gain or loss. This valuation is based on forward rates considering the market price, rate of interest, and volatility. Among other factors, fair value takes into account the credit quality of the financial instrument.

Current market conditions can have an impact on these fair values. These management estimates are subject to risk and uncertainties. Therefore, it is reasonably possible that changes could occur which may affect the recoverability of the Company's financial instruments.

Asset Retirement Obligations

The Company recognizes, when the legal obligation is incurred, the present value of an estimated liability for the future cost of restoring a mine site upon termination of the operation. These estimates are dependent on labour costs, known environmental impacts, the effectiveness of remedial and restoration measures, inflation rates and average credit-adjusted risk-free interest rates. The Company also estimates the timing of the outlays, which is subject to change depending on continued mining activities or newly discovered reserves.

Elements of uncertainty in estimating these costs include potential changes in regulatory requirements and in the methods of remediation.

Stock-Based Compensation

The Company may grant options as part of employee remuneration or as part of consideration in the acquisition of assets. The Company utilizes the Black-Scholes model to value these options. The model requires management estimates such as a risk-free interest rate, volatility, dividend, weighted average expected life of options issued, and grant-date fair value as discussed in note 21 of the Company's annual consolidated financial statements.

Income and Mining Taxes

At the end of each accounting period, future income and mining tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future income and mining tax assets and liabilities are measured using enacted or substantively enacted tax rates that are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. A valuation allowance is recorded against any future income and mining tax asset if it is more likely than not that the asset will not be realized. As mining is capital intensive with long-lived assets, these future tax provisions can be significant. Assessing the recoverability of future income tax assets requires management to make significant estimates of future taxable income. In addition, Canadian GAAP requires the calculated liability for future income and mining taxes to be translated to the Company's reporting currency of U.S. dollars at current rates of exchange for each reporting period. There is no certainty that future income and mining tax rates and foreign exchange rates will be consistent with current estimates, which increases the volatility of the Company's net earnings.

Litigation

The Company is subject to various litigation actions, whose outcome could have an impact on its valuation should it be required to make payments to the plaintiffs. In-house counsel and outside legal advisors assess the potential outcome of the litigation, and the Company establishes provisions for future disbursements required.

FUTURE ACCOUNTING POLICIES

Canadian GAAP – Section 1582, Business Combinations; Section 1601, Consolidated Financial Statements; Section 1602, Non-controlling Interests; and Amendments to Section 3251, Equity

The Canadian Institute of Chartered Accountants ("CICA") issued three new accounting standards in January 2009: Section 1582, Business combinations; Section 1601, Consolidated Financial Statements; Section 1602, Non-controlling Interests; and amendments to Section 3251, Equity. These new standards will be effective for the Company in 2011 and earlier adoption is permitted as of the beginning of a fiscal year.

Section 1582 replaces Section 1581 and establishes standards for the accounting for a business combination. It provides the Canadian equivalent to International Financial Reporting Standards IFRS 3R – Business Combinations.

Sections 1601 and 1602 together replace Section 1600, Consolidated Financial Statements. Section 1601 establishes standards for the preparation of consolidated financial statements. Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. It is equivalent to the corresponding provisions of International Financial Reporting Standard IAS 27 – Consolidated and Separate Financial Statements.

Amendments to Section 3251 apply to entities that have adopted Section 1602 and require separate presentation on the statements of operations and comprehensive income of income attributable to owners of the Company and those attributable to non-controlling interests. The amendments also require that non-controlling interests be presented separately as a component of equity.

As a result of the adoption of IFRS, IAMGOLD will not be adopting these new standards.

Canadian GAAP – Amendment to Section 3855, Financial Instruments – Recognition and Measurement

In June 2009, Section 3855, Financial Instruments – Recognition and Measurement was amended to clarify the situation where the embedded prepayment option is considered closely related and, therefore, is not separated from the host debt instrument for recognition purposes. This amendment will be effective for the Company in 2011. As a result of the adoption of IFRS, IAMGOLD will not be adopting these amendments.

International Financial Reporting Standards ("IFRS")

In February 2008, the Canadian Accounting Standards Board ("AcSB") confirmed that IFRS, as issued by the International Accounting Standards Board ("IASB"), will replace Canadian GAAP for publicly accountable enterprises and must be adopted for fiscal years beginning on or after January 1, 2011. As a result, IAMGOLD will report under IFRS for interim and annual periods beginning January 1, 2011, with comparative information for 2010 restated under IFRS. Adoption of IFRS requires the Company to make certain accounting policy choices, and disclose the expected impact on the Company's financial position and results of operations.

The following is a summary of the Company's conversion project:

Phase and Key Activities	Completion	Progress
Preliminary impact assessment ○ Basis for planning future phases	September 2008	Completed
Design and planning ○ Development of detailed implementation plan	December 2008	Completed
Solution development ○ Analyses of policy alternatives allowed under IFRS ○ Specify changes required to existing accounting policies ○ Develop solutions for information systems	Q2 2010	Completed
Implementation		
○ Prepare preliminary IFRS accounting policies	Q4 2010	Completed
○ Prepare preliminary IFRS consolidated shell financial statements	Q2 2010	Completed
○ Finalize IFRS consolidated shell financial statements and IFRS accounting policies	Q4 2011	In progress
○ Prepare preliminary opening balance sheet reconciliation	Q3 2010	Completed
○ Implement information system solutions	Q4 2010	Completed
○ Train finance staff, other relevant employees, including certain members of senior management, and the Audit Committee	Q4 2010	Completed
○ Address the impact of IFRS on certain agreements, such as hedge contracts, loan arrangements, and shareholder and compensation agreements	Q4 2010	Completed

The Company has engaged in dialogue with its independent auditors in all phases of the conversion project and will continue to do so. IAMGOLD is working on preparing a full set of annual and quarterly financial statements under IFRS for 2011.

The post-implementation activities phase of the project commenced in the fourth quarter of 2010. Management's focus is in the following key areas:

- controls over system and process changes identified for the implementation of IFRS – the Company evaluated and will continue to evaluate the impact of the adoption of IFRS on financial reporting risks, procedures, systems and controls. Minor changes were done to facilitate the tracking of additional information required under IFRS;
- review of controls and processes for the identification and calculation of the opening balance sheet accounts and 2010 adjustments from Canadian GAAP financial statements to IFRS – no material changes were required for the Company's disclosure controls and procedures and internal controls over financial reporting; and

- review of Company's IFRS accounting policies and processes for any significant changes to key controls – the final review of the Company's accounting policy manual is in progress to ensure final decisions related to choices of IFRS accounting policies and additional processes are included in the policy manual and communicated.

In this MD&A, the Company is providing:

1. preliminary unaudited consolidated balance sheets as at January 1, 2010 and December 31, 2010 with reconciliations from Canadian GAAP to IFRS;
2. preliminary unaudited reconciliation of net earnings for each quarter of 2010 and the entire year, prepared under Canadian GAAP, to net earnings under IFRS;
3. preliminary unaudited reconciliation of comprehensive income for each quarter of 2010 and the entire year, prepared under Canadian GAAP, to comprehensive income under IFRS; and
4. summary of significant IFRS accounting policies impacting the Company's financial statements including IFRS 1, First-Time Adoption of International Financial Reporting Standards.

The Company will adopt IFRS in accordance with IFRS 1, First-Time Adoption of International Financial Reporting Standards. The first date at which IFRS will be applied is January 1, 2010 (the "transition date").

In accordance with IFRS, the Company will apply certain optional exemptions and certain mandatory exceptions as applicable for first time IFRS adopters.

Adjustments expected to have a significant impact on the Company's consolidated financial statements are summarized below. They have not been audited yet. Final consolidated financial statements under IFRS may differ from these preliminary amounts as a result of different interpretation, adjustments relating to any new IFRS pronouncements or other items identified until final numbers are audited and disclosed.

1. Preliminary IFRS consolidated balance sheets

Unaudited reconciliation of consolidated opening balance sheet as at January 1, 2010:

(in $000)	Canadian GAAP	IFRS Adjustments	Reclassification Adjustments	IFRS	
ASSETS	**$**	**$**	**$**	**$**	**ASSETS**
Current Assets					***Current Assets***
Cash and cash equivalents	**191,374**	-	-	**191,374**	Cash and cash equivalents
Gold bullion	**40,408**	-	-	**40,408**	Gold bullion
Receivables and other (note a)	**83,082**	(170)	-	**82,912**	Receivables and other current assets
Inventories (note a)	**162,033**	(1,136)	-	**160,897**	Inventories
	476,897	(1,306)	-	**475,591**	
Other long-term assets (notes a, e, h)	**136,122**	1,553	37,061	**174,736**	Other non-current assets
Working interests	**173,278**	-	(173,278)	**-**	Working interests
Investments in associates	**-**	-	232,438	**232,438**	Investments in associates
Royalty interests	**28,688**	-	(28,688)	**-**	
Mining assets (notes a, d)	**1,053,348**	(25,467)	596,630	**1,624,511**	Mining assets
Exploration and development (notes a, c)	**786,079**	(14,789)	(596,630)	**174,660**	Exploration and evaluation assets
Goodwill (note a)	**334,004**	(6,866)	(59,160)	**267,978**	Goodwill
Other intangible assets	**8,373**	-	(8,373)	**-**	
	2,996,789	(46,875)	-	**2,949,914**	
LIABILITIES AND SHAREHOLDERS' EQUITY					**LIABILITIES AND EQUITY**
Current liabilities					***Current liabilities***
Accounts payable and accrued liabilities (note g)	**175,320**	-	(25,850)	**149,470**	Accounts payable and accrued liabilities
Dividends payable	**24,507**	-	-	**24,507**	Dividends payable
Income and mining taxes payable	**-**	-	24,477	**24,477**	Income and mining taxes payable
Current portion of long-term liabilities (note d)	**12,257**	(692)	1,373	**12,938**	Current portion of long-term liabilities
	212,084	(692)	-	**211,392**	
Long-term liabilities					***Non-current liabilities***
Future income and mining tax liability (notes c, d, e, g, h, i)	**237,379**	(30,435)	-	**206,944**	Deferred income and mining tax liability
Asset retirement obligations (note d)	**97,337**	14,757	-	**112,094**	Asset retirement obligations
Warrants (note f)	**-**	555	-	**555**	Warrants
Other long-term liabilities (note h)	**10,216**	2,260	-	**12,476**	Other non-current liabilities
	344,932	(12,863)	-	**332,069**	
	557,016	(13,555)	-	**543,461**	
Non-controlling interests (note j)	**23,112**	-	(23,112)	**-**	
Shareholders' Equity					***Equity***
Common shares (notes f, g)	**2,203,269**	(1,741)	-	**2,201,528**	Common shares
Contributed surplus (note f)	**36,693**	(24,391)	-	**12,302**	Contributed surplus
Warrants (note f)	**148**	(148)	-	**-**	
Retained earnings (notes a, c, d, f, g, h, i)	**113,887**	37,871	-	**151,758**	Retained earnings
Accumulated other comprehensive income (notes a, e)	**62,664**	(45,005)	-	**17,659**	Accumulated other comprehensive income
	2,416,661	(33,414)	-	**2,383,247**	Total equity attributable to IAMGOLD shareholders
(notes d, i, j)	**-**	94	23,112	**23,206**	Minority interests
	2,416,661	(33,320)	23,112	**2,406,453**	**Total equity**
	2,996,789	(46,875)	-	**2,949,914**	

Unaudited reconciliation of consolidated balance sheet as at December 31, 2010:

(in $000)	Canadian GAAP	IFRS Adjustments	Reclassification Adjustments	IFRS	
ASSETS	**$**	**$**	**$**	**$**	**ASSETS**
Current Assets					***Current Assets***
Cash and cash equivalents	**270,779**	-	-	**270,779**	Cash and cash equivalents
Gold bullion	**40,411**	-	-	**40,411**	Gold bullion
Receivables and other (note a)	**81,995**	(147)	-	**81,848**	Receivables and other current assets
Inventories (note a)	**206,276**	(1,560)	-	**204,716**	Inventories
	599,461	(1,707)	-	**597,754**	
Other long-term assets (notes a, e, h)	**185,620**	6,867	31,846	**224,333**	Other non-current assets
Working interests	**186,962**	-	(186,962)	**-**	-
Investments in associates	**-**	-	246,122	**246,122**	Investments in associates
Royalty interests	**26,514**	-	(26,514)	**-**	
Mining assets (notes a, c, d)	**1,825,113**	(36,410)	-	**1,788,703**	Mining assets
Exploration and development (notes a, c)	**331,171**	(24,956)	-	**306,215**	Exploration and evaluation assets
Goodwill (notes a, b)	**334,774**	(7,636)	(59,160)	**267,978**	Goodwill
Other intangible assets	**5,332**	-	(5,332)	**-**	
	3,494,947	(63,842)	-	**3,431,105**	
LIABILITIES AND SHAREHOLDERS' EQUITY					**LIABILITIES AND EQUITY**
Current liabilities					***Current liabilities***
Accounts payable and accrued liabilities (note g)	**210,826**	-	(54,773)	**156,053**	Accounts payable and accrued liabilities
Dividends payable	**31,324**	-	-	**31,324**	Dividends payable
Income and mining taxes payable	**-**	-	52,416	**52,416**	Income and mining taxes payable
Current portion of long-term liabilities (note d)	**11,756**	(420)	2,357	**13,693**	Current portion of long-term liabilities
	253,906	(420)	-	**253,486**	
Long-term liabilities					***Non-current liabilities***
Future income and mining tax liability (notes b, c, d, e, g, h, i)	**256,054**	(34,470)	-	**221,584**	Deferred income and mining tax liability
Asset retirement obligations (notes a, d)	**134,747**	48,163	-	**182,910**	Asset retirement obligations
Warrants (note f)	**-**		-	**-**	Warrants
Other long-term liabilities (note h)	**16,563**	3,241	-	**19,804**	Other non-current liabilities
	407,364	16,934	-	**424,298**	
	661,270	16,514	-	**677,784**	
Non-controlling interests (note j)	**57,867**	-	(57,867)	**-**	
Shareholders' Equity					***Equity***
Common shares (notes f, g)	**2,255,875**	(377)	-	**2,255,498**	Common shares
Contributed surplus (notes b, f)	**38,616**	(19,827)	-	**18,789**	Contributed surplus
Retained earnings (notes a, b, c, d, f, g, h, i)	**363,852**	14,950	-	**378,802**	Retained earnings
Accumulated other comprehensive income (notes a, e, i)	**117,467**	(74,199)	-	**43,268**	Accumulated other comprehensive income
	2,775,810	(79,453)	-	**2,696,357**	Total equity attributable to IAMGOLD shareholders
(notes d, i, j)	**-**	(903)	57,867	**56,964**	Minority interests
	2,775,810	(80,356)	57,867	**2,753,321**	**Total equity**
	3,494,947	(63,842)	-	**3,431,105**	

2. Unaudited preliminary impact assessment of the IFRS conversion on the Company's consolidated net earnings for each quarter of 2010 and the year ended December 31, 2010

The following table presents the expected impact on net earnings. Each line is net of income and mining tax and minority interests where applicable.

(in $000)	First quarter ended March 31, 2010	Second quarter ended June 30, 2010	Third quarter ended September 30, 2010	Fourth quarter ended December 31, 2010	Year 2010
	$	$	$	$	$
Net earnings under Canadian GAAP	58,844	35,713	40,752	144,484	279,793
IFRS adjustments – Increase (decrease) in net earnings:					
Unrealized gain (loss) on translating financial statements of foreign denominated entities (note a)	(2,622)	4,883	(4,336)	(3,138)	(5,213)
Business combinations (note b)	(287)	(1,710)	1,726	(322)	(593)
Asset retirement obligations (note d)	2,737	1,474	2,825	(21,639)	(14,603)
Warrants (note f)	337	(436)	(84)	-	(183)
Flow-through shares (note g)	(4,456)	3,700	957	2,055	2,256
Employee benefits (note h)	(45)	117	(54)	(85)	(67)
Income and mining taxes (note i)	(1,153)	(12,311)	10,133	(1,235)	(4,566)
Minority interests reclassifications (note j)	2,355	1,966	2,923	10,978	18,222
	(3,134)	(2,317)	14,090	(13,386)	(4,747)
Net earnings under IFRS	55,710	33,396	54,842	131,098	275,046

The Company does not expect any impact on its calculation of cash costs per ounce.

3. Unaudited preliminary impact assessment of the IFRS conversion on the Company's consolidated comprehensive income for each quarter of 2010 and the year ended December 31, 2010

(in $000)	First quarter ended March 31, 2010	Second quarter ended June 30, 2010	Third quarter ended September 30, 2010	Fourth quarter ended December 31, 2010	Year 2010
	$	$	$	$	$
Comprehensive income under Canadian GAAP	73,247	5,842	84,379	171,128	334,596
Adjustment to net earnings (see table 2. above)	(3,134)	(2,317)	14,090	(13,386)	(4,747)
Reversal of cumulative translation adjustment	(19,783)	31,221	(23,934)	(22,611)	(35,107)
Increase in unrealized gain in financial assets at fair value through other comprehensive income (note e)	235	-	-	4,900	5,135
Defined benefit plan actuarial loss (note h)	-	-	-	(949)	(949)
Income tax impact (note i)	-	-	-	777	777
	(22,682)	28,904	(9,844)	(31,269)	(34,891)
Comprehensive income under IFRS	50,565	34,746	74,535	139,859	299,705

4. Significant accounting policies impacting the Company's financial statements including IFRS 1 – First-Time Adoption of International Financial Reporting Standards

The following narratives explain the significant differences between Canadian GAAP accounting policies and the IFRS accounting policies expected to be adopted by the Company for interim and annual periods beginning January 1, 2011, with comparative information for 2010 restated under IFRS, including the IFRS 1 exemptions and exceptions expected to be applied in the conversion from Canadian GAAP to IFRS.

Tables present the expected unaudited impact on the Company's financial statements in 2010. Only the differences expected to have an impact on the Company are described below. The following is not a complete summary of all of the differences between Canadian GAAP and IFRS. A full description of the Company's IFRS accounting policies will be available in the notes to the consolidated financial statements for the first quarter of 2011.

(a) Foreign currency translation

Canadian GAAP – The factors considered in the determination of the functional currency of the Company, its subsidiaries, associates and joint ventures are prioritized based on management judgment. The U.S. dollar is the functional currency of the Company and all of its activities, with the exception of the Company's Canadian mining activities, for which the functional currency is the Canadian dollar.

IFRS (IAS 21, The Effects of Changes in Foreign Exchange Rates) – The functional currency of the Company, its subsidiaries, associates and joint ventures is determined on the basis of primary economic environment factors. Secondary and other indicators may be used to provide further evidence of the functional currency. Finally, management judgment should be used if the indicators are mixed and the functional currency is not obvious, in order to determine the functional currency which most faithfully represents the economic effects of the underlying transactions, events and conditions of the entity. Under IFRS, the U.S. dollar is the functional currency of the Company and all of its subsidiaries, associates and joint ventures.

The accumulated impact of the difference in treatment is expected to be as follows:

(in $000)	January 1, 2010	March 31, 2010	June 30, 2010	September 30, 2010	December 31, 2010
	$	$	$	$	$
Decrease in receivables and other	(170)	(332)	(8)	(79)	(147)
Decrease in inventories	(1,136)	(1,508)	(17)	(1,217)	(1,560)
Decrease in mining assets	(32,720)	(46,947)	(24,286)	(41,815)	(57,343)
Decrease in exploration and evaluation assets	(8,436)	(13,233)	(5,717)	(12,046)	(18,585)
Decrease in goodwill	(6,866)	(9,713)	(5,601)	(8,742)	(11,607)
Decrease in other non-current assets	(240)	(240)	(240)	(240)	(304)
Increase in asset retirement obligations	-	-	-	-	(341)
Decrease in cumulative translation adjustment	47,481	67,264	36,043	59,977	82,587
Decrease (increase) in retained earnings	2,087	4,709	(174)	4,162	7,300
Decrease in depreciation expense		(303)	(744)	(1,039)	(1,548)
Increase in accretion expense		-	-	-	2
Increase (decrease) in foreign exchange loss		2,925	(1,517)	3,114	6,759
Increase (decrease) in net earnings		(2,622)	2,261	(2,075)	(5,213)

(b) Business combinations

IFRS 1 provides the option to apply IFRS 3 Revised, Business Combinations, retrospectively or prospectively from the transition date. The retrospective basis would require restatement of all business combinations and all changes in interests in subsidiaries, associates and joint ventures that occurred prior to the transition date. The Company elected not to retrospectively apply IFRS 3 and transactions resulting in changes in interests that occurred prior to its transition date, and such business combinations and transactions will not be restated.

In addition, and as a condition under IFRS 1 for applying this exemption, goodwill relating to business combinations that occurred prior to the transition date was tested for impairment on the transition date even though no impairment indicators were identified. No impairment existed at the transition date.

The IFRS adjustments below relate to expected changes in interests in a subsidiary occurring after January 1, 2010.

La Arena transaction

Canadian GAAP – Consideration received as part of the farm-out arrangement results in a dilution in the Company's interest of a subsidiary. Refer to note 4(a) in the Company's 2010 annual financial statements relating to the La Arena project for more information. Minority interests are adjusted to reflect the reduction in the Company's interest in net assets of the subsidiary with a corresponding proportionate reduction recognized in the value of the related goodwill and a gain for the difference between these amounts and the consideration received.

IFRS – Any difference between the amount by which the minority interests are adjusted and the consideration received is recognized directly in equity. No adjustment is made to the carrying amount of the assets and liabilities of the subsidiary, including goodwill.

The accumulated impact of the difference in treatment is expected to be as follows:

(in $000)	January 1, 2010	March 31, 2010	June 30, 2010	September 30, 2010	December 31, 2010
	$	$	$	$	$
Increase in goodwill	-	475	2,004	3,678	3,971
Increase in contributed surplus	-	(276)	(2,043)	(3,949)	(4,564)
Increase in minority interests	-	(486)	(1,958)	-	-
Decrease in retained earnings	-	287	1,997	271	593
Decrease in other income		287	1,997	271	593
Decrease in net earnings		(287)	(1,997)	(271)	(593)

(c) Exploration and evaluation assets

Canadian GAAP – Exploration expenses incurred prior to the date of establishing that a property has mineral resources with the potential of being economically recoverable are charged against earnings. Costs incurred subsequent to this date are capitalized until such time as the projects are brought into production or are deemed economically unfeasible.

IFRS (IFRS 6, Exploration and Evaluation of Mineral Resources) – All exploration expenditures are charged to earnings. Evaluation expenditures, representing those activities that relate to the evaluation of the technical feasibility and commercial viability of extracting a mineral resource, are capitalized.

As a result, certain exploration costs capitalized under Canadian GAAP should have been expensed under IFRS, resulting in a decrease in mining assets.

This change in accounting policy only is expected to have a cumulative impact on transition as follows:

(in $000)	January 1, 2010	March 31, 2010	June 30, 2010	September 30, 2010	December 31, 2010
	$	$	$	$	$
Decrease in exploration and evaluation assets	(6,353)	(6,353)	(6,353)	(6,353)	(6,353)
Decrease in deferred income and mining tax liability	1,087	1,087	1,087	1,087	1,087
Decrease in retained earnings	5,266	5,266	5,266	5,266	5,266

As part of the adoption of IFRS, the term "exploration and development" will be replaced with "exploration and evaluation assets" in respect of capitalized exploration and evaluation projects. As a result, at the transition date, $596,630,000 will be reclassified to mining assets for costs relating to the development and construction of a mine.

(d) Asset retirement obligations

Discount rate

Canadian GAAP – The discount rate is the entity's credit-adjusted risk-free rate. In addition, changes in the discount rate are not reflected in the measurement of the provision. The unwinding of the discount is presented as an operating expense.

IFRS (IAS 37, Provisions, Contingent Liabilities and Contingent Assets) – The discount rate reflects the risks specific to the obligation. Changes to the discount rate require re-measurement of the provision. The unwinding of the discount is presented as a financing cost. The impact shown in the table below is mainly related to these changes in the discount rate. Total projected undiscounted cash outflow has not changed materially.

Measurement of obligation

Canadian GAAP – The obligation is measured based on the fair value using third-party market assumptions.

IFRS – The asset retirement obligation is measured at the best estimate of the expenditure required to settle the present obligation at the balance sheet date.

IFRS 1 election – Decommissioning Liabilities Included in the Cost of Property, Plant and Equipment

Management has elected to use the IFRS 1 exemption which provides relief from the application of IFRIC 1, Changes in Existing Decommissioning, Restoration and Similar Liabilities, and prescribes an alternative treatment in determining the adjustment to the corresponding asset and retained earnings at the transition date for changes in the estimate of the liability that occurred before the transition date to IFRS.

The accumulated impact of the differences in treatment and the IFRS 1 election is expected to be as follows:

(in $000)	January 1, 2010	March 31, 2010	June 30, 2010	September 30, 2010	December 31, 2010
	$	$	$	$	$
Increase in mining assets	7,253	8,012	8,434	8,356	20,933
Decrease in exploration and evaluation assets	-	(4)	(9)	(14)	(18)
Decrease in asset retirement obligations – Current	692	511	1,765	1,868	420
Increase in asset retirement obligations – Non-current	(14,757)	(12,568)	(15,014)	(11,885)	(47,822)
Decrease in deferred income and mining tax liability	1,694	1,668	3,917	3,593	6,766
Increase in minority interests	(94)	(99)	(105)	(106)	(111)
Decrease (increase) in retained earnings	5,212	2,480	1,012	(1,812)	19,832
Increase in other mining costs		-	-	-	24,599
Decrease in depreciation expense		(848)	(1,138)	(1,448)	(1,041)
Decrease in interest expense		(582)	(1,491)	(2,834)	(3,868)
Increase (decrease) in foreign exchange expense		(1,333)	641	(855)	(15)
Increase (decrease) in deferred tax expense		26	(2,223)	(1,899)	(5,072)
Increase (decrease) in net earnings		2,737	4,211	7,036	(14,603)
Net earnings adjustments attributable to:					
Equity shareholders of the Company		2,732	4,200	7,024	(14,620)
Minority interests		5	11	12	17
		2,737	4,211	7,036	(14,603)

(e) Financial instruments

Unquoted marketable securities

Canadian GAAP – Investments in equity instruments classified as available-for-sale that do not have a quoted market price in an active market are measured at cost.

IFRS (IAS 39, Financial Instruments: Recognition and Measurement) – These assets are recognized at fair value where fair value can be reliably measured.

The accumulated impact of the difference in treatment is expected to be as follows:

(in $000)	January 1, 2010	March 31, 2010	June 30, 2010	September 30, 2010	December 31, 2010
	$	$	$	$	$
Increase in marketable securities	2,830	3,098	3,098	3,098	8,698
Increase in deferred income and mining tax liability	(354)	(387)	(387)	(387)	(1,087)
Increase in fair value reserve (other comprehensive income)	(2,476)	(2,711)	(2,711)	(2,711)	(7,611)
Increase in retained earnings	-	-	-	-	-
Increase in unrealized gain on available-for-sale financial assets		(268)	(268)	(268)	(5,868)
Income tax impact		33	33	33	733
Increase in other comprehensive income		235	235	235	5,135

(f) Warrants

Canadian GAAP – Contracts to deliver a fixed number of equity instruments in exchange for a fixed amount of foreign currency are considered equity instruments and are accounted for at cost.

IFRS – The Company's warrants have a Canadian dollar exercise price which differs from the Company's functional currency. As a result, these warrants are treated as a liability and measured at fair value with changes in fair value recognized through net earnings.

In addition, in 2009, some warrants expired without being exercised and were allocated to contributed surplus under Canadian GAAP. Under IFRS, the value of these warrants is transferred to retained earnings.

The accumulated impact of the difference in treatment is expected to be as follows:

(in $000)	January 1, 2010	March 31, 2010	June 30, 2010	September 30, 2010	December 31, 2010
	$	$	$	$	$
Increase in long-term liabilities – Warrants	(555)	(218)	(654)	-	-
Increase in capital shares	-	-	-	(590)	(590)
Decrease in contributed surplus	24,391	24,391	24,391	24,391	24,391
Decrease in equity – Warrants	148	148	148	-	-
Increase in retained earnings	(23,984)	(24,321)	(23,885)	(23,801)	(23,801)
Increase (decrease) in derivative loss		(337)	99	183	183
Increase (decrease) in net earnings		337	(99)	(183)	(183)

(g) Flow through shares

Canadian GAAP – Flow-through commons shares are recorded at their face value, net of related issuance costs. On the date the tax credits are renounced, a future tax liability is recognized as a cost of issuing the shares.

IFRS – Flow-through common shares are recognized based on the quoted price of the existing shares on the date of the issue. The difference between the amount recognized in common shares and the amount the investor pays for the shares is recognized as a deferred gain which is reversed into earnings when eligible expenditures have been made. An income and mining tax expense and a deferred tax liability are recorded when shares are issued.

The accumulated impact of the difference in treatment is expected to be as follows:

(in $000)	January 1, 2010	March 31, 2010	June 30, 2010	September 30, 2010	December 31, 2010
	$	$	$	$	$
Increase in accounts payable and accrued liabilities (deferred gain)	-	(6,066)	(2,366)	(2,055)	-
Decrease in deferred income and mining tax liability	(1,791)	(3,418)	(3,418)	(4,827)	1,239
Decrease in common shares	1,741	4,978	4,978	7,033	967
Decrease (increase) in retained earnings	50	4,506	806	(151)	(2,206)
Increase (decrease) in foreign exchange loss		-	61	51	128
Increase in other income		-	(3,761)	(6,117)	(8,249)
Increase in income and mining tax expense		4,456	4,456	5,865	5,865
Increase (decrease) in net earnings		(4,456)	(756)	201	2,256

(h) Employee benefits

Canadian GAAP – The recognition of actuarial gains and losses is deferred. In each period, the portion of actuarial gains and losses that exceeds 10% of the greater of the accrued benefit obligation at the beginning of the year, and the fair value of plan assets at the beginning of the year, is amortized ("corridor approach").

IFRS – Actuarial gains and losses are recognized immediately in the statement of other comprehensive income, and are reported directly in retained earnings in the same period.

IFRS 1 provides the option to retrospectively apply the corridor approach under IAS 19, Employee Benefits, for the recognition of actuarial gains and losses, or recognize all cumulative gains and losses deferred under Canadian GAAP in opening retained earnings at the transition date. The Company elected to recognize a cumulative actuarial loss that existed at its transition date in opening retained earnings for all of its employee benefit plans.

The accumulated impact of the difference in treatment and the IFRS 1 election is expected to be as follows:

(in $000)	January 1, 2010	March 31, 2010	June 30, 2010	September 30, 2010	December 31, 2010
	$	$	$	$	$
Decrease in accrued pension assets	(1,037)	(1,064)	(1,016)	(1,047)	(1,527)
Increase in accrued pension benefit liability	(2,260)	(2,299)	(2,177)	(2,224)	(3,241)
Decrease in deferred income and mining tax liability	1,019	1,040	987	1,011	1,474
Decrease in retained earnings	2,278	2,323	2,206	2,260	3,294
Decrease in corporate administration expense		(29)	(59)	(88)	(118)
Increase (decrease) in foreign exchange loss		95	(45)	62	216
Increase (decrease) in income and mining tax expense		(21)	32	8	(31)
Increase (decrease) in net earnings		(45)	72	18	(67)
Defined benefit plan actuarial loss		-	-	-	1,373
Income and mining tax impact		-	-	-	(424)
Decrease in other comprehensive income (directly in retained earnings)		-	-	-	(949)

(i) Income and mining taxes

Deferred tax on translation gains and/or losses on non-monetary assets and liabilities

Canadian GAAP – The tax effect of temporary differences related to translation gains or losses are specifically exempted from being recognized.

IFRS (IAS 12, Income Taxes) – There is no such exemption under IFRS. A translation gain or loss will arise where the local tax currency is not the same as the functional currency. Deferred tax is recognized on the difference between the book value of the non-monetary assets and the underlying tax basis, translated to the functional currency using the current foreign exchange rate.

Deferred tax on intercompany transactions

Canadian GAAP – Recognition of a deferred tax asset or liability for a temporary difference arising from intercompany transactions is prohibited. Such temporary differences may arise when the tax base of the asset in the buyer's jurisdiction differs from the carrying amount of the asset in the consolidated financial statements. Further, cash taxes paid or recovered as a result of a transfer of an asset are recorded as a deferred tax asset or liability in the financial statements and recognized through tax expense when the asset leaves the Company or is otherwise utilized.

IFRS – There are no such exceptions under IFRS. Therefore, deferred tax is recognized for temporary differences arising on intercompany transactions measured at the tax rate of the buyer, and cash tax paid or recovered on intercompany transactions is recognized in the period incurred.

Classification of deferred tax

Canadian GAAP – Deferred taxes are split between current and non-current components on the basis of either the underlying asset or liability, or the expected reversal of items not related to an asset or liability.

IFRS – All deferred tax assets and liabilities are classified as non-current.

The accumulated tax impact of accounting differences was presented in previous tables. The accumulated deferred tax accounting differences are expected to be as follows:

(in $000)	January 1, 2010	March 31, 2010	June 30, 2010	September 30, 2010	December 31, 2010
	$	$	$	$	$
Decrease in deferred income and mining tax liability due to tax accounting differences	28,780	27,627	15,316	25,449	24,991
Increase in minority interests	-	(1,390)	(1,390)	(1,390)	(715)
Increase in accumulated other comprehensive income	-	-	-	-	(777)
Increase to retained earnings	(28,780)	(26,237)	(13,926)	(24,059)	(23,499)
Increase (decrease) in income and mining tax expense		203	8,349	6,439	7,011
Increase (decrease) in foreign exchange loss		950	5,115	(3,108)	(2,445)
Decrease in net earnings		(1,153)	(13,464)	(3,331)	(4,566)
Net earnings adjustments attributable to:					
Equity shareholders of the Company		(2,543)	(14,854)	(4,721)	(5,281)
Minority interests		1,390	1,390	1,390	715
		(1,153)	(13,464)	(3,331)	(4,566)
Decrease in income and mining tax on items recognized directly in other comprehensive income		-	-	-	(777)
Increase in accumulated other comprehensive income		-	-	-	777

(j) Non-controlling interests / minority interests

Canadian GAAP – Non-controlling interests in the equity of a consolidated affiliate are classified as a separate component between liabilities and equity in the statement of financial position and as a component of net earnings within the consolidated statement of earnings.

IFRS – Non-controlling interests are classified as a component of equity separate from the equity of the parent and are not included in net earnings, but rather presented as an allocation of net earnings.

As part of the adoption of IFRS, the term “non-controlling interests” will be replaced with “minority interests” in accordance with IAS 1.

(k) Impairment of property, plant and equipment

Recoverable amount

Canadian GAAP – A recoverability test is performed by first comparing the undiscounted expected future cash flows to be derived from the asset to its carrying amount. If the asset does not recover its carrying value, an impairment loss is calculated as the excess of the asset’s carrying amount over its fair value.

IFRS (IAS 36, Impairment of Assets) – The impairment loss is calculated as the excess of the asset’s carrying amount over its recoverable amount, where recoverable amount is defined as the higher of the asset’s fair value less costs to sell (“FVLCS”) and its value in use. Under the FVLCS calculation, the expected future cash flows from the asset are discounted to their net present value less an estimate of the cost to sell the asset.

The change in measurement methodology is not expected to have an impact on transition.

Reversal of impairment

Canadian GAAP – Reversal of impairment losses is not permitted.

IFRS (IAS 39, Financial Instruments: Recognition and Measurement) – Reversal of impairment losses is required for assets other than goodwill if certain criteria are met.

On the transition date, no reversal of impairment is expected to be recognized.

(l) Other IFRS 1 exemptions and exceptions

IFRS 1 optional exemptions

Below are the remaining applicable optional exemptions in IFRS 1 applied in the conversion from Canadian GAAP to IFRS.

(i) Borrowing costs – IFRS 1 permits the application of IAS 23, Borrowing Costs, which requires an entity to capitalize the borrowing costs related to all qualifying assets, retrospectively or prospectively from a date that is no later than the transition date. The Company has elected to early adopt this policy as it is consistent with the Company's policy under Canadian GAAP. As a result, no adjustment is expected to be required on transition to IFRS.

(ii) Fair value as deemed cost – IFRS 1 permits the measurement of any item of property, plant and equipment at the item's fair value on the date of transition as the item's deemed cost. The Company elected to deem the cost of certain assets at their fair value on the date of transition. The selected assets had fair values that approximated their carrying values on January 1, 2010 and as a result, no transition adjustment is expected to be recorded.

IFRS Mandatory exceptions

Below is the applicable mandatory exception in IFRS 1 applied in the conversion from Canadian GAAP to IFRS.

Estimates – Hindsight is not used to create or revise estimates. The estimates previously made by the Company under Canadian GAAP were not revised for application of IFRS except where necessary to reflect any difference in accounting policies.

IFRS RECENT PRONOUNCEMENTS

IAS 31 – Interests in Joint Ventures

Currently, IAS 31 provides companies with the choice to account for joint ventures under the proportionate consolidation method, which is consistent with Canadian GAAP, or the equity accounting method. In addition, there is an exposure draft based on which the IASB is expected to issue a new standard to replace IAS 31 in 2011, which will result in the requirement to account for certain joint ventures under the equity method of accounting. Under the anticipated new requirements, the Company expects its joint ventures in Sadiola and Yatela will be required to be accounted for under the equity method. The application of the revised standard was not effective prior to the Company's transition to IFRS.

The Company is evaluating the impact of this exposure draft is expected to have on its consolidated financial statements. This change to the equity method of accounting for its joint ventures would significantly impact the presentation of the Company's assets, liabilities, revenues and expenses for these entities. In addition, the change in accounting requires the Company to make changes to its consolidation system to facilitate the transition.

IFRS 9 – Financial Instruments

The IASB has issued IFRS 9, Financial Instruments, which is four-part project proposing to replace IAS 39, Financial Instruments: Recognition and Measurement. IFRS 9 is planned to be effective on January 1, 2013. The first part of this project provides new guidance for the classification and measurement of financial assets and liabilities. The second part is an exposure draft which provides guidance for amortized cost and impairment methodology for financial assets. The third part is in development and will be related to hedge accounting. Finally, the fourth part will provide guidance for derecognition of financial instruments. The application of the revised standard was not effective prior to the Company's transition to IFRS. The Company is in the process of evaluating the impact of the change to its consolidated financial statements based on the characteristics of its financial instruments.

RISKS AND UNCERTAINTIES

The Company is subject to various business, financial and operational risks that could materially adversely affect the Company's future business, operations and financial condition and could cause such future business, operations and financial condition to differ materially from the forward-looking statements and information contained in this MD&A and as described in the Cautionary Statement on Forward-Looking Information found on page 2.

For a more comprehensive discussion of the risks faced by the Company, please refer to the Company's 2010 Annual Information Form, filed with Canadian securities regulatory authorities at www.sedar.com, and filed under Form 40-F with the United States Securities Exchange Commission at www.sec.gov/edgar.html. The Annual Information Form, which, in addition to being filed and viewable on www.sedar.com and www.sec.gov/edgar.html, is available upon request from the Company, and is incorporated by reference into this MD&A.

FINANCIAL RISKS

General economic conditions

Events and conditions in the global financial markets during recent past years have had a profound impact on the global economy, leading to a loss of confidence in global credit and financial markets, restricted access to capital and credit, and increased counterparty risk. Many industries, including the gold mining industry, are impacted by these market conditions. Some of the key impacts of the current financial market conditions include contraction in credit markets resulting in a widening of credit risk, devaluations and high volatility in global equity, commodity, foreign exchange and precious metal markets, and a lack of market liquidity. A continued or worsened slowdown in the financial markets or other economic conditions may adversely affect the Company's growth and profitability.

Commodity prices and currency

All of the factors that determine commodity prices such as prices for gold, niobium, copper, silver or certain other commodities (such as diesel, aluminum and electricity), and currencies (U.S. dollar and other currency exchange rates) are beyond the Company's control. For more details, also refer to the Market trends section and the Financial Position section (Financial Risk) of this MD&A.

Hedging activities

Derivative products can be used to manage the risks associated with, among other things, changes in commodity prices and foreign currency exchange rates. The Company regularly enters into such arrangements in the prescribed manner. The Company enters into hedging contracts to limit the impact of fluctuations as a result of volatilities in the world markets by hedging a portion of the Mupane mine's gold production, its requirement of Canadian dollars and euros, and its expected consumption of diesel and aluminum. For more details, also refer to the Financial Position section (Market Risk) of this MD&A.

Liquidity and capital resources

The adequacy of the Company's capital structure is assessed on an ongoing basis and adjusted as necessary after taking into consideration the Company's strategy, the forward gold and niobium prices, the mining industry, economic conditions and the associated risks. In order to maintain or adjust its capital structure, the Company may adjust its capital spending, adjust the amount of dividend distributions, issue new shares, purchase shares for cancellation pursuant to normal course issuer bids, extend its credit facility, issue new debt, reimburse existing debt or sell gold bullion. For more details, also refer to the Financial Position section (Liquidity Risk and Capital Resources) of this MD&A.

Access to capital markets, financing and interest rates

To fund growth, the Company may depend on securing the necessary capital through loans or permanent capital. The availability of this capital is subject to general economic conditions and lenders' and investors' interest in the Company and its projects. There is a risk in obtaining financing as and when required, and on commercially acceptable terms, for exploration, development, acquisitions and general corporate purposes. The Company is subject to movements in interest rates.

Taxation

Mining tax regimes in foreign jurisdictions are subject to change and may not include fiscal stability guarantees. The Company's interpretation of taxation law as applied to its transactions and activities may not coincide with that of the tax authorities. As a result, transactions may be challenged by tax authorities and the Company's operations may be assessed, which could result in significant additional taxes, penalties and interest.

OPERATIONAL RISKS

Mineral reserves, mineral resources, and extraction

The Company's mineral reserves and mineral resources are estimates, and no assurance can be given that the estimated reserves and resources are accurate or that the indicated level of metal will be produced. Such estimates are, in large part, based on interpretations of geological data obtained from drill holes and other sampling techniques. Actual mineralization or geologic conditions may be different from those predicted. In addition to gold market price fluctuations, it may take many years from the initial phase of drilling before production is possible, and during that time the economic feasibility of exploiting a discovery may change. To minimize the risks, reserves are estimated in accordance with accepted guidelines and standards within the mining industry, quality control programs are established, and competent personnel are employed.

The Company must continually replace reserves depleted by production to maintain production levels over the long term. Reserves can be replaced by expanding known orebodies, locating new deposits or making acquisitions. There is no assurance that current or future exploration programs will be successful. There is a risk that depletion of reserves will not be offset by discoveries or acquisitions.

Projects

The Company's ability to sustain or increase its present levels of production is dependent in part on the success of its projects. Risks and unknowns inherent in all projects include the inaccuracy of estimated reserves, metallurgical recoveries, capital and operating costs of such projects, and the future prices of the relevant minerals. Projects have no operating history upon which to base estimates of future cash flows.

Acquisitions and integration

Any acquisition that the Company may choose to complete may be of a significant size, may change the scale of the Company's business and operations, and may expose the Company to new geographic, political, operational, financial and geological risks. The Company's success in its acquisition activities depends on its ability to identify suitable acquisition candidates, negotiate acceptable terms for any such acquisition and integrate the acquired operations successfully and in a timely manner with those of the Company.

Title to properties

The validity of mining interests held by the Company, which constitute most of the Company's property holdings, can be uncertain and may be contested. Acquisition of a title to mineral properties is a very detailed and time-consuming process, and the Company's title to its properties may be affected by prior unregistered agreements or transfers, or undetected defects.

Insurance

Where economically feasible and based on availability of coverage, a number of operational and financial risks are transferred to insurance companies. Available insurance does not cover all the potential risks associated with a mining company's operations. The Company may also be unable to maintain insurance to cover insurable risks at economically feasible premiums, and the ability to claim under existing policies may be contested.

Key personnel

The success of the Company is heavily dependent on its key personnel and on its ability to motivate, retain and attract highly skilled persons. The competition for qualified personnel in the mining industry is currently intense. There can be no assurance that the Company will successfully retain current key personnel or attract additional qualified personnel to manage its current needs and anticipated growth.

Geographical areas

Some of the operations of the Company are carried out in geographical areas which lack adequate infrastructure and are subject to various other risk factors. Reliable roads, bridges, power sources and water supply are important determinants which affect capital and operating costs.

Environmental, health and safety

The Company's mining and processing operations and exploration activities are subject to extensive laws and regulations governing the protection of the environment, waste disposal, worker safety, mine development and protection of endangered and other special status species. The Company's ability to obtain permits and approvals and to successfully operate in particular communities may be adversely impacted by real or perceived detrimental events associated with the Company's activities or those of other mining companies affecting the environment, human health and safety or the surrounding communities. The Company's legal and/or constructive commitments to rectify disturbance caused by mining, development and exploration activities may change due to new laws or regulations, updated reclamation plans or new environmental requirements.

Political risk

Mining investments are subject to the risks normally associated with any conduct of business in foreign countries including uncertain political and economic environments; war, terrorism and civil disturbances; changes in laws or policies of particular countries, including those relating to imports, exports, duties and currency; cancellation or renegotiation of contracts; royalty fees, net profits payments and tax increases or other claims by government entities, including retroactive claims.

Non-controlled assets

Some of the Company's assets are controlled and managed by other companies, some of which may have a substantially higher interest in the assets than the interest of the Company. Some of the Company's partners may have divergent business objectives which may impact business and financial results.

Litigation

The Company is subject to litigation arising in the normal course of business and may be involved in disputes with other parties in the future which may result in litigation. The causes of potential future litigation cannot be known and may arise from, among other things, business activities, environmental laws, volatility in stock price or failure to comply with disclosure obligations. The results and costs of litigation cannot be predicted with certainty.

SUPPLEMENTAL INFORMATION TO THE MANAGEMENT'S DISCUSSION AND ANALYSIS

NON-GAAP PERFORMANCE MEASURES

Adjusted net earnings

Adjusted net earnings and adjusted net earnings per share are non-GAAP financial measures. Management believes that these measures better reflect the Company's performance for the current period and are a better indication of its expected performance in future periods. Adjusted net earnings and adjusted net earnings per share are intended to provide additional information, but do not have any standardized meaning prescribed by Canadian GAAP, are unlikely to be comparable to similar measures presented by other issuers, and should not be considered in isolation or a substitute for measures of performance prepared in accordance with GAAP. Adjusted net earnings represent net earnings excluding certain impacts, net of tax, such as impairment charge, changes in asset retirement obligations for closed properties, unrealized derivative gain or loss on Mupane gold hedging, gain on sale of gold bullion, marketable securities and assets, impairment of marketable securities, foreign exchange gain or loss, and executive severance costs. These measures are not necessarily indicative of net earnings or cash flows as determined under GAAP. The following table provides a reconciliation of net earnings (loss) to adjusted net earnings as per the consolidated statement of earnings.

	2010	2009[(a)]	2008[(a)]
(in $ millions, except for number of shares and per share amounts)	**$**	$	$
Net earnings (loss)	**279.8**	114.1	(9.9)
Impairment charges	**-**	98.1	117.4
Changes in asset retirement obligations for closed properties	**12.0**	13.3	-
Unrealized derivative loss on Mupane gold hedging	**11.8**	-	-
Gain on sale of gold bullion	**-**	(30.7)	-
Gain on sales of marketable securities	**(18.3)**	(2.6)	(0.1)
Gain on sales of assets	**(3.6)**	(1.9)	(1.5)
Impairment of marketable securities	**-**	3.5	0.8
Foreign exchange loss (gain)	**1.7**	(27.0)	1.1
Executive severance costs	**2.3**	3.2	-
	5.9	55.9	117.7
Adjusted net earnings	**285.7**	170.0	107.8
Weighted average number of common shares outstanding (in millions)			
Basic	**371.4**	352.8	295.4
Diluted	**373.3**	354.6	295.4
Basic net earnings (loss) per share	**0.75**	0.32	(0.03)
Basic adjusted net earnings per share	**0.77**	0.48	0.36

(a) Comparative figures in 2009 and 2008 of adjusted net earnings have been recalculated to conform to the calculation adopted in 2010.

Cash costs

The Company's MD&A often refers to cash costs per ounce, a non-GAAP performance measure, in order to provide investors with information about the measure used by management to monitor performance. This information is used to assess how well the producing gold mines are performing compared to plan and prior periods, and also to assess the overall effectiveness and efficiency of gold mining operations. Cash cost figures are calculated in accordance with a standard developed by the Gold Institute, which was a worldwide association of suppliers of gold and gold products and included leading North American gold producers. The Gold Institute ceased operations in 2002, but the standard is still an accepted standard of reporting cash costs of gold production in North America. Adoption of the standard is voluntary, and the cost measures presented herein may not be comparable to other similarly titled measures of other companies. Costs include mine site operating costs such as mining, processing, administration, royalties and production taxes, and attributable realized derivative gain or loss, but are exclusive of amortization, reclamation, capital, exploration and development costs. These costs are then divided by the Company's attributable ounces of gold produced to arrive at the total cash costs per ounce. The measure, along with sales, is considered to be a key indicator of a company's ability to generate operating earnings and cash flow from its mining operations.

These gold cash costs do not have any standardized meaning prescribed by Canadian GAAP and differ from measures determined in accordance with GAAP. They are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP. These measures are not necessarily indicative of net earnings or cash flow from operations as determined under GAAP.

The following tables provide a reconciliation of total cash costs per ounce produced for gold mines to the mining costs, excluding depreciation, depletion and amortization as per the audited consolidated statement of earnings.

Year ended December 31, 2010

(in $ millions, except where noted)	Operating Gold Mines Rosebel	Essakane[(a)]	Doyon Division	Mupane	Sadiola[(b)]	Yatela	Total	Other Other[(c)]	Total[(d)]
	$	$	$	$	$	$	$	$	$
Mining costs, excluding depreciation, depletion and amortization	212.8	49.3	47.4	53.7	79.6	46.1	488.9	81.7	570.6
Adjust for:									
By-product credit (excluded from mining costs)	(0.4)	(0.1)	(2.1)	-	(0.2)	(0.1)	(2.9)		
Stock movement	(6.0)	11.2	(2.5)	0.7	0.6	0.8	4.8		
Accretion expense and other changes in asset retirement obligations	(1.7)	(0.1)	(2.3)	(0.4)	(0.7)	(0.8)	(6.0)		
Foreign exchange, interest and other	(3.6)	(1.9)	(18.6)	(1.2)	(2.4)	0.8	(26.9)		
Cost attributed to non-controlling interests	(10.0)	(5.8)	-	-	-	-	(15.8)		
	(21.7)	3.3	(25.5)	(0.9)	(2.7)	0.7	(46.8)		
Cash costs – operating mines	191.1	52.6	21.9	52.8	76.9	46.8	442.1		
Cash costs – working interests[(e)]							112.5		
Total cash costs including working interests							554.6		
Attributable gold production – operating mines (000 oz)	395	122	33	57	118	60	785		
Attributable gold production – working interests (000 oz)[(e)]							182		
Total attributable gold production (000 oz)							967		
Total cash costs ($/oz)	484	429	655	941	653	780	574		

(a) Commercial production starting July 16, 2010.

(b) On December 29, 2009, the Company purchased an additional 3% interest increasing the Sadiola joint venture ownership interest to 41%.

(c) Niobium, Exploration and Development and Corporate segments.

(d) As per the Consolidated statement of earnings.

(e) Working interests relate to the Tarkwa and Damang mines.

Year ended December 31, 2009

(in $ millions, except where noted)	Operating Gold Mines Rosebel	Doyon Division	Mupane	Sadiola[(a)]	Yatela	Total	Other Other[(b)]	Total[(c)]
	$	$	$	$	$	$	$	$
Mining costs, excluding depreciation, depletion and amortization	155.5	77.7	40.0	67.0	30.5	370.7	76.1	446.8
Adjust for:								
By-product credit (excluded from mining costs)	(0.3)	(2.4)	(0.1)	(0.1)	-	(2.9)		
Loss (gain) on non-hedge derivatives (excluded from mining costs)	0.6	(0.5)	0.1	0.3	0.1	0.6		
Stock movement	14.1	(0.4)	(1.1)	-	-	12.6		
Accretion expense and other changes in asset retirement obligations	(1.7)	(17.2)	(0.3)	(0.7)	(0.5)	(20.4)		
Foreign exchange, interest and other	(4.7)	(0.2)	(1.1)	(1.5)	0.1	(7.4)		
Cost attributed to non-controlling interests	(8.2)	-	-	-	-	(8.2)		
	(0.2)	(20.7)	(2.5)	(2.0)	(0.3)	(25.7)		
Cash costs – operating mines	155.3	57.0	37.5	65.0	30.2	345.0		
Cash costs – working interests[(d)]						88.1		
Total cash costs including working interests	155.3	57.0	37.5	65.0	30.2	433.1		
Attributable gold production – operating mines (000 oz)	392	109	51	135	89	776		
Attributable gold production – working interests (000 oz)[(d)]						163		
Total attributable gold production (000 oz)						939		
Total cash costs ($/oz)	396	524	735	483	339	461		

(a) On December 29, 2009, the Company purchased an additional 3% interest increasing the Sadiola joint venture ownership interest to 41%.

(b) Niobium, Exploration and Development and Corporate segments.

(c) As per the Consolidated statement of earnings.

(d) Working interests relate to the Tarkwa and Damang mines.

Year ended December 31, 2008

	Operating Gold Mines							Other	
(in $ millions, except where noted)	**Rosebel**	**Doyon Division**	**Sleeping Giant**[a]	**Mupane**	**Sadiola**	**Yatela**	**Total**	**Other**[b]	**Total**[c]
	$	$	$	$	$	$	$	$	$
Mining costs, excluding depreciation, depletion and amortization	156.3	67.4	21.3	35.8	71.7	35.0	387.5	64.5	452.0
Adjust for:									
By-product credit	(0.2)	(2.7)	(0.9)	(0.1)	(0.1)	(0.1)	(4.1)		
Stock movement	(0.1)	1.6	(1.4)	1.8	-	-	1.9		
Accretion expense	(1.3)	(1.9)	(0.2)	(0.3)	(0.6)	(0.4)	(4.7)		
Foreign exchange, interest and other	(1.1)	-	2.0	-	(4.0)	(0.6)	(3.7)		
Cost attributed to non-controlling interests	(7.7)	-	-	-	-	-	(7.7)		
	(10.4)	(3.0)	(0.5)	1.4	(4.7)	(1.1)	(18.3)		
Cash costs – operating mines	145.9	64.4	20.8	37.2	67.0	33.9	369.2		
Cash costs – working interests[d]							87.2		
Total cash costs including working interests							456.4		
Attributable gold production – operating mines (000 oz)	315	118	69	101	172	66	841		
Attributable gold production – working interests (000 oz)[d]							156		
Total attributable gold production (000 oz)							997		
Total cash costs ($/oz)	466	548	303	367	389	514	459		

(a) The Company mined and processed reserves at the Sleeping Giant mine until the end of its current reserve life which occurred at the end of October 2008, at which time the property and all the related infrastructure assets were sold.

(b) Niobium, Exploration and Development and Corporate segments.

(c) As per the Consolidated statement of earnings.

(d) Working interests relate to the Tarkwa and Damang mines.

Unit operating margin per kilogram of niobium for the Niobec mine

The Company's MD&A refers to operating margin per kilogram of niobium at the Niobec mine, a non-GAAP performance measure, in order to provide investors with information about the measure used by management to monitor the performance of its non-gold asset, the Niobec mine. The information allows management to assess how well the Niobec mine is performing relative to the plan and to prior periods, as well as assess the overall effectiveness and efficiency of the operation. The operating margin per kilogram of niobium does not have any standardized meaning prescribed by Canadian GAAP, is unlikely to be comparable to similar measures presented by other issuers, and should not be considered in isolation or a substitute for measures of performance prepared in accordance with GAAP.

The following table provides a reconciliation of operating margin per kilogram of niobium at the Niobec mine to revenues, mining costs and attributable non-hedge derivative gain or loss as per the consolidated statement of earnings.

(in $ millions, except where noted)	**2010**	2009	2008
	$	$	$
Revenues from the Niobec mine as per segmented information (Note 31 of the Company's annual consolidated financial statements)	**158.7**	159.3	143.1
Mining costs per consolidated statement of earnings	**570.6**	446.8	452.0
Mining costs from gold mines as per cash cost reconciliation	**(488.9)**	(370.7)	(387.5)
Other mining costs	**(2.3)**	(2.0)	(0.8)
	79.4	74.1	63.7
Non-hedge derivative gain	**-**	(0.6)	-
Mining costs from the Niobec mine	**79.4**	73.5	63.7
Operating margin	**79.3**	85.8	79.4
Sales volume (millions of kg Nb)	**4.3**	4.4	4.2
Operating margin ($/kg Nb)	**18**	20	19

Mining Operations Production Data

The tables below show production data for each mining operation for each quarter of 2010 and 2009.

	2010 Q4	2010 Q3	2010 Q2	2010 Q1	2009 Q4	2009 Q3	2009 Q2	2009 Q1
Suriname—Rosebel Mine (IAMGOLD interest—95%)								
Total operating material mined (000 t)	**13,967**	**12,364**	**11,797**	**14,159**	15,541	14,133	12,602	11,127
Strip ratio[a]	**2.6**	**3.0**	**2.9**	**3.2**	3.5	3.5	3.0	3.2
Ore milled (000 t)	**3,417**	**3,112**	**3,172**	**3,131**	2,759	3,003	2,883	2,448
Head grade (g/t)	**1.2**	**1.1**	**0.9**	**1.1**	1.3	1.3	1.3	1.2
Recovery (%)	**95**	**94**	**89**	**92**	93	92	93	93
Gold production – 100% (000 oz)	**126**	**106**	**86**	**98**	104	111	109	88
Attributable gold production – 95% (000 oz)	**119**	**101**	**82**	**93**	99	106	104	83
Gold sales – 100% (000 oz)	**131**	**96**	**87**	**102**	98	107	104	74
Gold revenue ($/oz)[b]	**1,378**	**1,238**	**1,207**	**1,111**	1,097	969	916	912
Cash cost excluding royalties ($/oz)	**378**	**421**	**504**	**401**	369	359	327	353
Royalties ($/oz)	**71**	**63**	**63**	**55**	53	44	40	40
Cash cost ($/oz)[c]	**449**	**484**	**567**	**456**	422	403	367	393
Burkina Faso—Essakane Mine (IAMGOLD interest – 90%)								
Total operating material mined (000 t)	**7,454**	**5,404**	**-**	**-**	-	-	-	-
Strip ratio[a]	**1.1**	**1.2**	**-**	**-**	-	-	-	-
Ore milled (000 t)	**1,675**	**1,298**	**-**	**-**	-	-	-	-
Head grade (g/t)	**1.7**	**1.2**	**-**	**-**	-	-	-	-
Recovery (%)	**96**	**95**	**-**	**-**	-	-	-	-
Gold production – 100% (000 oz)	**89**	**47**	**-**	**-**	-	-	-	-
Attributable gold production – 90% (000 oz)	**80**	**42**	**-**	**-**	-	-	-	-
Gold sales – 100% (000 oz)	**95**	**18**	**-**	**-**	-	-	-	-
Gold revenue ($/oz)[b]	**1,386**	**1,287**	**-**	**-**	-	-	-	-
Cash cost excluding royalties ($/oz)	**372**	**441**	**-**	**-**	-	-	-	-
Royalties ($/oz)	**42**	**18**	**-**	**-**	-	-	-	-
Cash cost ($/oz)[c]	**414**	**459**	**-**	**-**	-	-	-	-
Canada—Doyon Division (IAMGOLD interest – 100%)								
Total operating material mined (000 t)	**12**	**13**	**17**	**19**	60	99	119	107
Ore milled (000 t)	**44**	**17**	**-**	**-**	63	104	115	106
Head grade (g/t)	**13.1**	**14.2**	**-**	**-**	10.3	9.5	7.9	8.3
Recovery (%)	**96**	**96**	**-**	**-**	96	96	96	96
Gold production (000 oz)	**18**	**13**	**2**	**-**	24	30	28	27
Gold sales (000 oz)	**24**	**3**	**-**	**6**	23	30	25	36
Gold revenue ($/oz)[b]	**1,396**	**1,284**	**-**	**1,100**	1,094	973	928	916
Cash cost excluding royalties ($/oz)	**812**	**430**	**252**	**-**	517	505	514	521
Royalties ($/oz)	**31**	**26**	**28**	**-**	11	12	9	8
Cash cost ($/oz)[c]	**843**	**456**	**280**	**-**	528	517	523	529

(a) Strip ratio is calculated as waste mined divided by ore mined.
(b) Gold revenue per ounce is calculated as gold sales divided by ounces of gold sold.
(c) Cash cost is a non-GAAP measure. Refer to the Cash costs section above for reconciliation to GAAP measures.
(d) Commercial production started effective as of July 16, 2010. Refer to the Results of Operations' section for more information.

	Q4	Q3	Q2	2010 Q1	Q4	Q3	Q2	2009 Q1
Botswana—Mupane Mine (IAMGOLD interest—100%)								
Total operating material mined (000 t)	**1,967**	**2,583**	**1,853**	**1,954**	1,956	2,049	1,817	1,639
Strip ratio[(a)]	**6.9**	**9.8**	**5.8**	**9.5**	8.8	7.4	9.2	6.3
Ore milled (000 t)	**279**	**315**	**279**	**250**	203	198	246	252
Head grade (g/t)	**1.9**	**1.8**	**1.8**	**1.9**	1.8	2.2	2.4	2.2
Recovery (%)	**89**	**86**	**80**	**87**	89	85	80	76
Gold production (000 oz)	**15**	**16**	**13**	**13**	11	11	15	14
Gold sales (000 oz)	**13**	**16**	**13**	**15**	10	11	20	19
Gold revenue ($/oz)[(b)]	**1,382**	**1,236**	**1,226**	**1,115**	1,109	838	647	643
Cash cost excluding royalties ($/oz)	**1,001**	**902**	**829**	**775**	814	703	644	596
Royalties ($/oz)	**61**	**62**	**58**	**51**	71	41	53	57
Cash cost ($/oz)[(c)]	**1,062**	**964**	**887**	**826**	885	744	697	653
Mali—Sadiola Mine (IAMGOLD interest – 41% in 2010; 2009 – 38%)[(d)]								
Total operating material mined (000 t)	**2,692**	**1,808**	**2,486**	**2,668**	2,587	2,072	1,845	2,246
Strip ratio[(a)]	**7.4**	**8.5**	**8.2**	**7.9**	7.6	13.4	3.3	4.6
Ore milled (000 t)	**460**	**441**	**448**	**443**	467	421	413	357
Head grade (g/t)	**2.1**	**2.1**	**2.1**	**2.1**	2.1	2.6	2.8	3.0
Recovery (%)	**92**	**92**	**95**	**94**	94	86	92	91
Attributable gold production (000 oz)	**29**	**30**	**29**	**30**	32	32	35	36
Attributable gold sales (000 oz)	**31**	**28**	**29**	**29**	33	31	37	34
Gold revenue ($/oz)[(b)]	**1,366**	**1,222**	**1,188**	**1,109**	1,089	958	922	898
Cash cost excluding royalties ($/oz)	**696**	**589**	**567**	**473**	549	468	366	334
Royalties ($/oz)	**89**	**70**	**69**	**65**	67	57	58	51
Cash cost ($/oz)[(c)]	**785**	**659**	**636**	**538**	616	525	424	385
Mali—Yatela Mine (IAMGOLD interest – 40%)								
Total operating material mined (000 t)	**1,384**	**1,508**	**1,364**	**704**	410	535	652	939
Strip ratio[(a)]	**5.5**	**8.2**	**7.7**	**4.3**	2.1	8.5	1.4	2.9
Ore crushed (000 t)	**308**	**233**	**328**	**304**	325	220	283	271
Head grade (g/t)	**1.0**	**1.0**	**1.0**	**1.9**	3.0	3.2	4.4	2.8
Attributable gold stacked (000 oz)	**10**	**7**	**11**	**18**	32	23	39	25
Attributable gold production (000 oz)	**9**	**9**	**15**	**27**	28	22	26	13
Attributable gold sales (000 oz)	**8**	**10**	**15**	**26**	29	22	25	13
Gold revenue ($/oz)[(b)]	**1,373**	**1,233**	**1,185**	**1,110**	1,091	958	924	909
Cash cost excluding royalties ($/oz)	**1,302**	**1,169**	**622**	**397**	256	194	280	471
Royalties ($/oz)	**77**	**74**	**75**	**65**	67	57	54	55
Cash cost ($/oz)[(c)]	**1,379**	**1,243**	**697**	**462**	323	251	334	526

(a) Strip ratio is calculated as waste mined divided by ore mined.
(b) Gold revenue per ounce is calculated as gold sales divided by ounces of gold sold.
(c) Cash cost is a non-GAAP measure. Refer to the Cash Costs section above for reconciliation to GAAP measures.
(d) On December 29, 2009, the Company purchased an additional 3% interest in Sadiola, which resulted in a 41% interest in the Sadiola joint venture.

	Q4	Q3	Q2	2010 Q1	Q4	Q3	Q2	2009 Q1
Ghana—Tarkwa Mine (IAMGOLD interest – 18.9%)								
Total operating material mined (000 t)	**3,634**	**3,250**	**4,194**	**4,095**	3,900	3,983	4,324	4,487
Capitalized waste mined (000 t)	**2,582**	**3,208**	**2,397**	**2,660**	2,131	1,991	1,650	2,259
Strip ratio[(a)]	**2.4**	**2.3**	**2.8**	**2.9**	3.1	3.0	3.3	3.6
Heap Leach:								
Ore crushed (000 t)	**548**	**559**	**608**	**624**	520	428	479	537
Head grade (g/t)	**0.7**	**0.5**	**0.6**	**0.6**	0.7	0.7	0.9	1.0
Attributable gold production (000 oz)	**10**	**9**	**12**	**12**	9	8	11	14
Mill:								
Ore milled (000 t)	**538**	**528**	**562**	**499**	511	541	497	449
Head grade (g/t)	**1.4**	**1.4**	**1.5**	**1.3**	1.4	1.4	1.3	1.3
Attributable gold production (000 oz)	**24**	**25**	**26**	**21**	23	25	20	15
Total attributable gold production (000 oz)	**34**	**34**	**38**	**33**	32	33	31	29
Total attributable gold sales (000 oz)	**34**	**34**	**38**	**33**	32	33	31	29
Gold revenue ($/oz)[(b)]	**1,366**	**1,223**	**1,192**	**1,110**	1,105	964	920	904
Cash cost excluding royalties ($/oz)	**570**	**582**	**562**	**556**	475	479	484	500
Royalties ($/oz)	**41**	**8**	**60**	**37**	30	32	28	27
Cash cost ($/oz)[(c)]	**611**	**590**	**622**	**593**	505	511	512	527
Ghana—Damang Mine (IAMGOLD interest – 18.9%)								
Total operating material mined (000 t)	**623**	**718**	**640**	**623**	630	475	716	909
Strip ratio[(a)]	**2.0**	**2.5**	**2.0**	**2.6**	2.4	2.0	2.4	3.6
Ore milled (000 t)	**237**	**234**	**250**	**256**	213	232	246	252
Head grade (g/t)	**1.6**	**1.5**	**1.5**	**1.3**	1.3	1.4	1.3	1.3
Recovery (%)	**93**	**93**	**93**	**92**	93	95	93	93
Attributable gold production (000 oz)	**11**	**11**	**11**	**10**	8	10	10	10
Attributable gold sales (000 oz)	**11**	**11**	**11**	**10**	8	10	10	10
Gold revenue ($/oz)[(b)]	**1,367**	**1,229**	**1,194**	**1,119**	1,087	962	921	906
Cash cost excluding royalties ($/oz)	**632**	**612**	**615**	**640**	616	546	581	620
Royalties ($/oz)	**41**	**11**	**60**	**35**	36	26	28	27
Cash cost ($/oz)[(c)]	**673**	**623**	**675**	**675**	652	572	609	647
Canada—Niobec Mine (IAMGOLD interest – 100%)								
Total operating material mined (000 t)	**454**	**427**	**441**	**470**	474	437	438	424
Ore milled (000 t)	**502**	**458**	**456**	**448**	448	441	453	413
Grade (% Nb_2O_5)	**0.59**	**0.62**	**0.62**	**0.61**	0.64	0.61	0.57	0.63
Niobium production (millions of kg Nb)	**1.0**	**1.1**	**1.1**	**1.2**	1.2	1.0	0.9	1.0
Niobium sales (millions of kg Nb)	**1.0**	**1.1**	**1.1**	**1.1**	1.4	1.1	1.0	0.9
Operating margin ($/kg Nb)[(d)]	**17**	**19**	**19**	**19**	20	18	19	22

(a) Strip ratio is calculated as waste mined divided by ore mined.
(b) Gold revenue per ounce is calculated as gold sales divided by ounces of gold sold.
(c) Cash cost is a non-GAAP measure. Refer to the Cash Costs section above for reconciliation to GAAP measures.
(d) Operating margin per kilogram of niobium at the Niobec mine is a non-GAAP measure. Refer to the above section Unit Operating Margin per Kilogram of Niobium for the Niobec Mine for reconciliation to GAAP measure.

CONSOLIDATED FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2010

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

To the Shareholders and Directors of IAMGOLD Corporation

The accompanying consolidated financial statements of IAMGOLD Corporation ("the Company"), their presentation and the information contained in the annual report, including information determined by specialists, are the responsibility of management. The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Canada. The financial information on the Company presented elsewhere in the annual report is consistent with that in the consolidated financial statements.

The integrity of the consolidated financial reporting process is the responsibility of management. Management maintains systems of internal controls designed to provide reasonable assurance that transactions are authorized, assets are safeguarded and reliable financial information is produced. Management selects accounting principles and methods that are appropriate to the Company's circumstances, and makes certain determinations of amounts reported in which estimates or judgments are required.

The Board of Directors is responsible for ensuring that management fulfills its responsibility for financial reporting. The Board carries out this responsibility principally through its Audit Committee which consists of outside directors. The Board of Directors has also designated the Chairman of the Audit Committee as the Company's financial expert. The Audit Committee meets periodically with management and the external auditors to discuss internal controls, auditing matters and financial reporting requirements. The Audit Committee satisfies itself that each party is properly discharging its responsibilities; reviews the quarterly and annual consolidated financial statements and any reports by the external auditors; and recommends the appointment of the external auditors for review by the Board and approval by the shareholders.

The external auditors audit the consolidated financial statements annually on behalf of the shareholders. The external auditors have full and free access to management and the Audit Committee.

Stephen J. J. Letwin
President and Chief Executive Officer
March 25, 2011

Carol T. Banducci
Executive Vice President and Chief Financial Officer
March 25, 2011

Independent Auditors' Report

To the Shareholders of IAMGOLD Corporation

We have audited the accompanying consolidated financial statements of IAMGOLD Corporation, which comprise the consolidated balance sheets as at December 31, 2010 and December 31, 2009, the consolidated statements of earnings, comprehensive income, shareholders' equity and cash flows for each of the years in the three-year period ended December 31, 2010, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of IAMGOLD Corporation as at December 31, 2010 and December 31, 2009, and its consolidated results of operations and its consolidated cash flows for each of the years in the three-year period ended December 31, 2010 in accordance with Canadian generally accepted accounting principles.

KPMG LLP

KPMG LLP

Chartered Accountants, Licensed Public Accountants

Toronto, Canada

March 25, 2011

IAMGOLD Corporation
Consolidated Balance Sheets
(In thousands of U.S. dollars)

At December 31	Note	2010	2009
Assets		**$**	$
Current assets			
Cash and cash equivalents	5	**270,779**	191,374
Gold bullion (market value $140,551; December 31, 2009 – $108,749)	6	**40,411**	40,408
Receivables and other	7	**81,995**	83,082
Inventories	8	**206,276**	162,033
		599,461	476,897
Other long-term assets	9	**185,620**	136,122
Working interests	10	**186,962**	173,278
Royalty interests	11	**26,514**	28,688
Mining assets	12	**1,825,113**	1,053,348
Exploration and development	13	**331,171**	786,079
Goodwill	14	**334,774**	334,004
Other intangible assets		**5,332**	8,373
		3,494,947	2,996,789
Liabilities and Shareholders' equity			
Current liabilities			
Accounts payable and accrued liabilities		**210,826**	175,320
Dividends payable		**31,324**	24,507
Current portion of long-term liabilities	16	**11,756**	12,257
		253,906	212,084
Long-term liabilities			
Future income and mining tax liability	18	**256,054**	237,379
Asset retirement obligations	19	**134,747**	97,337
Other long-term liabilities		**16,563**	10,216
		407,364	344,932
Non-controlling interests		**57,867**	23,112
Shareholders' equity			
Common shares	21(b)	**2,255,875**	2,203,269
Contributed surplus		**38,616**	36,693
Warrants	21(d)	**-**	148
Retained earnings		**363,852**	113,887
Accumulated other comprehensive income	23	**117,467**	62,664
		2,775,810	2,416,661
		3,494,947	2,996,789

Commitment and contingencies (note 29)

Subsequent events (notes 4(a), 21(c))

See the accompanying notes, which are an integral part of these consolidated financial statements.

On behalf of the Board

WILLIAM D. PUGLIESE
Director

STEPHEN J.J. LETWIN
Director

IAMGOLD Corporation
CONSOLIDATED STATEMENTS OF EARNINGS

(In thousands of U.S. dollars, except per share amounts)

Years ended December 31	Note	2010	2009	2008
		$	$	$
Revenues		**1,167,245**	914,339	869,636
Expenses:				
Mining costs, excluding depreciation, depletion and amortization		**570,593**	446,819	451,991
Depreciation, depletion and amortization		**132,693**	153,847	169,629
		703,286	600,666	621,620
		463,959	313,673	248,016
Earnings from working interests	10	**56,496**	36,036	24,273
		520,455	349,709	272,289
Other:				
Corporate administration		**46,851**	49,148	41,953
Exploration and development		**46,025**	39,762	33,628
Impairment charges	24	**-**	98,069	129,861
Net interest expense (income)	25	**3,557**	680	(1,697)
Foreign exchange loss (gain)		**1,700**	(26,967)	1,068
Derivative loss (gain)	26	**13,261**	(7,047)	4,341
Gain on sale of gold bullion	6	**-**	(36,628)	-
Other expense (income), net	27	**(24,361)**	1,804	1,510
		87,033	118,821	210,664
Non-controlling interests		**18,222**	8,784	3,120
		105,255	127,605	213,784
Earnings before income and mining taxes		**415,200**	222,104	58,505
Income and mining taxes:	18			
Current taxes		**133,646**	92,274	76,340
Future taxes expense (recovery)		**1,761**	15,707	(7,919)
		135,407	107,981	68,421
Net earnings (loss)		**279,793**	114,123	(9,916)
Weighted average number of common shares outstanding (in thousands)	21(j)			
Basic		**371,392**	352,755	295,430
Diluted		**373,255**	354,631	295,430
Basic and diluted net earnings (loss) per share		**0.75**	0.32	(0.03)

See the accompanying notes, which are an integral part of these consolidated financial statements.

IAMGOLD CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In thousands of U.S. dollars)

Years ended December 31	Note	2010	2009	2008
		$	$	$
Net earnings (loss)		**279,793**	114,123	(9,916)
Other comprehensive income (loss), net of tax:				
Cumulative translation adjustment				
Unrealized gain (loss) on translating financial statements of net investment in self-sustaining foreign denominated operations		**35,107**	103,040	(78,561)
Reversal of unrealized foreign exchange gain on disposal of the Sleeping Giant mine		**-**	-	(2,045)
		35,107	103,040	(80,606)
Change in unrealized gain (loss) on available-for-sale financial assets				
Unrealized gain (loss)		**43,102**	22,161	(6,158)
Income tax impact		**(5,088)**	(3,279)	912
		38,014	18,882	(5,246)
Reversal of unrealized loss (gain) following the impairment and disposal of available-for-sale financial assets				
Unrealized loss (gain)		**(21,042)**	2,449	409
Income tax impact		**2,724**	(479)	(4)
		(18,318)	1,970	405
Total other comprehensive income (loss), net of tax	23	**54,803**	123,892	(85,447)
Comprehensive income (loss)		**334,596**	238,015	(95,363)

See the accompanying notes, which are an integral part of these consolidated financial statements.

IAMGOLD Corporation
Consolidated Statements of Shareholders' Equity
(In thousands of U.S. dollars)

Years ended December 31	Note	2010	2009	2008
COMMON SHARES		**$**	$	$
Balance, beginning of year		**2,203,269**	1,655,755	1,633,119
Issuance of shares, net of issue costs		**52,606**	547,514	22,636
Balance, end of year	21(b)	**2,255,875**	2,203,269	1,655,755
CONTRIBUTED SURPLUS				
Balance, beginning of year		**36,693**	39,242	20,034
Options issued on acquisition of Orezone	4(b)	**-**	684	-
Exercise of options		**(5,528)**	(8,475)	(9,218)
Exercise of share bonus and deferred share plans		**(689)**	(838)	-
Transfer of fair value of expired warrants		**-**	-	24,391
Share purchase plan		**451**	-	-
Stock-based compensation	21(i)	**7,689**	6,080	4,035
Balance, end of year		**38,616**	36,693	39,242
WARRANTS				
Balance, beginning of year		**148**	-	24,391
Transfer of fair value of expired warrants		**-**	-	(24,391)
Warrants issued on acquisition of Orezone	4(b)	**-**	148	-
Exercise of warrants		**(148)**	-	-
Balance, end of year	21(d)	**-**	148	-
RETAINED EARNINGS				
Balance, beginning of year		**113,887**	21,897	49,553
Net earnings (loss)		**279,793**	114,123	(9,916)
Dividends		**(29,828)**	(22,133)	(17,740)
Balance, end of year		**363,852**	113,887	21,897
ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)				
Balance, beginning of year		**62,664**	(61,228)	24,219
Other comprehensive income (loss) of the year		**54,803**	123,892	(85,447)
Balance, end of year	23	**117,467**	62,664	(61,228)
TOTAL SHAREHOLDERS' EQUITY		**2,775,810**	2,416,661	1,655,666

See the accompanying notes, which are an integral part of these consolidated financial statements.

IAMGOLD CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands of U.S. dollars)

Years ended December 31	Note	2010	2009	2008
		$	$	$
Operating Activities:				
Net earnings (loss)		**279,793**	114,123	(9,916)
Disbursement to asset retirement obligations	19	**(3,333)**	(6,661)	(9,769)
Settlement of derivatives		**(2,025)**	(4,416)	(2,260)
Items not affecting cash:				
Earnings from working interests, net of dividends received	10	**(31,926)**	(36,036)	(24,273)
Depreciation, depletion and amortization		**132,693**	153,847	169,629
Impairment charges		**-**	98,069	129,861
Amortization of forward sales liability		**-**	(10,472)	(17,874)
Future income and mining taxes		**1,761**	15,707	(7,919)
Stock-based compensation	21(i)	**7,689**	6,080	4,035
Unrealized derivative loss (gain)	26	**9,499**	(6,131)	4,341
Gain on sale of gold bullion	6	**-**	(36,628)	-
Gain on sale of assets		**(4,150)**	(1,878)	(4,773)
Gain on sale of marketable securities		**(21,042)**	(2,473)	-
Asset retirement obligations adjustments		**22,630**	21,726	4,984
Non-controlling interests		**18,222**	8,784	3,120
Unrealized foreign exchange loss (gain) on cash and cash equivalents		**(686)**	(27,434)	2,867
Other		**4,111**	9,331	6,846
Change in non-cash working capital		**1,877**	(38,580)	9,346
		415,113	256,958	258,245
Investing Activities:				
Business acquisitions		**-**	(7,765)	(98,273)
Investments proceeds (acquisitions)		**23,723**	(8,061)	(1,961)
Loan repayments from working interests	10	**18,242**	-	-
Restricted cash		**-**	5,311	(4,205)
Mining assets		**(142,177)**	(105,868)	(159,506)
Exploration and development		**(229,949)**	(346,696)	(9,813)
Long-term ore stockpiles		**(25,835)**	(9,342)	(17,808)
Net acquisitions of other assets		**(1,452)**	(1,032)	(968)
Proceeds from sale of gold bullion	6	**-**	66,411	-
		(357,448)	(407,042)	(292,534)
Financing Activities:				
Proceeds from credit facility		**50,000**	72,000	50,000
Repayment of long-term liabilities and credit facility		**(50,000)**	(166,581)	(4,960)
Financing costs		**(2,365)**	-	-
Issue of common shares, net of issue costs		**54,652**	308,356	14,465
Gain on share purchase plan		**451**	-	-
Dividends paid		**(31,684)**	(17,740)	(17,625)
		21,054	196,035	41,880
Impact of foreign exchange on cash and cash equivalents		**686**	27,434	(2,867)
Net increase in cash and cash equivalents		**79,405**	73,385	4,724
Cash and cash equivalents, beginning of year		**191,374**	117,989	113,265
Cash and cash equivalents, end of year	5	**270,779**	191,374	117,989

Information related to consolidated statements of cash flows (note 28)

See the accompanying notes, which are an integral part of these consolidated financial statements.

(Amounts in notes are in U.S. dollars, and tabular amounts are in thousands of U.S. dollars, except where otherwise indicated)

1. NATURE OF OPERATIONS AND BASIS OF PRESENTATION

IAMGOLD Corporation ("IAMGOLD" or "the Company") is engaged in the exploration, development and operation of gold mining properties and the operation of a niobium mine. The consolidated financial statements of IAMGOLD are prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). Summarized below are those policies considered significant to the Company. Reference to the Company included herein means the Company and its consolidated subsidiaries and joint ventures.

Certain 2009 and 2008 comparative figures have been reclassified to conform to the consolidated financial statement presentation adopted in 2010.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation

The consolidated financial statements include the accounts of the Company and its subsidiaries. Interests in joint ventures are accounted for by the proportionate consolidation method. The Company applies the equity method of accounting for its working interests. All significant intercompany balances and transactions have been eliminated.

Significant properties of the Company are accounted for as follows:

Name	Location	Ownership Interest	Status
Rosebel mine	Suriname	95%	Consolidated
Essakane mine	Burkina Faso	90%	Consolidated
Doyon division including the Westwood project	Canada	100%	Consolidated
Mupane mine	Botswana	100%	Consolidated
Sadiola mine – joint venture	Mali	41%	Proportionate consolidation
Yatela mine – joint venture	Mali	40%	Proportionate consolidation
Tarkwa mine	Ghana	18.9%	Equity method of accounting
Damang mine	Ghana	18.9%	Equity method of accounting
Quimsacocha project	Ecuador	100%	Consolidated
Niobec mine	Canada	100%	Consolidated

(b) Use of estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the year. The most significant estimates relate to mineral reserves and resources, purchase price allocation, depreciation, depletion and amortization, valuation of long-lived assets and goodwill, fair value of financial instruments, asset retirement obligations, stock-based compensation, income and mining taxes, and contingent liabilities. Actual results could be materially different from those estimates.

(c) Functional and reporting currency

The U.S. dollar is the functional and reporting currency of the Company.

The functional currency of Canadian mining activities is the Canadian dollar. Assets and liabilities of Canadian mining activities are translated into U.S. dollars at the exchange rate in effect at the balance sheet date and revenues and expenses are translated at the average rate in effect during the period. Within the Canadian operations, translation adjustments arising from changes in exchange rates are deferred and included in cumulative translation adjustment within accumulated other comprehensive income.

The U.S. dollar is the functional currency for the Company's activities in Guyana, Suriname, Ecuador, Peru and Africa as all proceeds from the sale of production and a significant portion of disbursements are in U.S. dollars.

(d) Financial instruments

i. Cash and cash equivalents, and restricted cash

Cash and cash equivalents, and restricted cash are designated as held-for-trading and are recorded at fair value.

ii. Receivables, accounts payable and accrued liabilities

Receivables excluding prepaid expenses and derivative contracts (note 7), and accounts payable and accrued liabilities are recorded at amortized cost.

iii. Marketable securities

Investments in marketable securities are designated as available-for-sale and are accounted for at their fair value, which is determined based on the last quoted market price. Changes in market value as well as the related tax impact are accounted for in other comprehensive income ("OCI") until the marketable security is sold or is determined to be other than temporarily impaired. When marketable securities are sold or are determined to be other than temporarily impaired, the related accumulated change in OCI is reversed and the actual gain or loss on disposal or the impairment charge is accounted for in the consolidated statement of earnings. Investments in equity instruments that do not have a quoted market price in an active market are measured at cost.

iv. Warrants held as investments

Warrants held as investments in other companies are classified as held-for-trading and measured at fair value using the Black-Scholes pricing model. Unrealized gains or losses related to changes in fair value are reported under derivative gain or loss in the consolidated statement of earnings.

v. Gold receivable

Gold receivable was considered a hybrid instrument composed of a receivable and an embedded derivative that were accounted for separately. The receivable was accounted for as an interest bearing receivable, with accrued interest charged to earnings. The embedded derivative was marked-to-market at each balance sheet date based on the change in gold price with the variation charged to earnings as a derivative gain or loss. All ounces of gold were received by the end of 2009.

vi. Credit facility

The credit facility is accounted for at amortized cost, using the effective interest method. Credit facility issue costs are capitalized in other long-term assets and the current portion is included in prepaid expenses. Amortization is calculated on a straight-line basis over the term of the credit facility.

vii. Commodity and currency contracts

The derivative instruments related to gold, currency, heating oil and aluminum entered into in 2010, 2009 and 2008, and gold forward contracts assumed following the acquisition of EURO Ressources S.A. (note 4(e)), are classified as held-for-trading and accounted for at their fair value on the balance sheet date. The valuation is based on forward rates considering the market price, rate of interest and volatility and takes into account the credit risk of the financial instrument. The fair value of these derivative instruments is included on the balance sheet and the change in fair value from the acquisition or inception is included in the statement of earnings as a derivative gain or loss.

The gold forward sales contracts, assumed through the acquisition of Gallery Gold Limited ("GGL") in 2006, were accounted for as normal purchase and sales contracts whereby deliveries were recorded at their respective forward prices. On delivery of gold into the forward contracts, the related acquired liability was amortized and recorded into gold revenue. Amortization was completed in 2009.

(e) Gold bullion

Investments in gold bullion are valued at the lower of average cost and net realizable value.

(f) Inventories

Gold production inventory, niobium production inventory and concentrate inventory are valued at the lower of cost and net realizable value. Production costs include the cost of materials, labour, mine site production overheads and depreciation to the applicable stage of processing.

Ore stockpiles are valued at the lower of cost and net realizable value. The cost of ore stockpiles is increased based on the related current mining cost of the period, and decreases in ore stockpiles are charged back to mining costs using the weighted average cost per tonne. Ore stockpiles are segregated between current and long-term inventory.

Mine supplies are valued at the lower of cost and net realizable value. Cost is determined on an average purchase cost basis with appropriate provisions for redundant and slow-moving items.

(g) Capital assets

Capital assets include furniture and equipment, computer equipment, software, scientific instruments and equipment, vehicles, land and leasehold improvements. Depreciation is calculated on a straight-line basis based on the estimated useful lives of the assets and in the case of leasehold improvements, over the remaining lease term determined at the time of acquisition.

(h) Working interests

Working interests are accounted for using the equity method. Any fair value increment related to the original acquisition of the working interests is amortized on a units-of-production basis over the estimated economic life of the mine corresponding to the proven and probable reserves. Working interests include changes in the investment as a result of income or loss reported by the company in which IAMGOLD has invested. This change is accounted for in the consolidated statement of earnings as earnings from working interests. Cash received from working interests is accounted for as a decrease of working interests in the consolidated balance sheet.

(i) Royalty interests

The Company records its royalty interests at cost. Amortization of producing royalty interests is calculated using the units-of-production method with an estimated economic life of mine corresponding to the property's reserves and resources.

(j) Exploration and development

Exploration costs incurred prior to the date of establishing that a property has mineral resources with the potential of being economically recoverable are charged against earnings. Development costs incurred subsequent to this date are capitalized until such time as the projects are brought into production or are deemed economically unfeasible. All administrative costs that do not directly relate to specific exploration and development activity are expensed as incurred. Interest costs are not capitalized until the decision to develop a property is made.

(k) Mining assets and stripping costs

Mining assets represent the capitalized expenditures related to the operation of mineral properties including plant and equipment, mining properties, deferred costs and construction in progress.

Upon commencement of production, related capital expenditures for any given mining assets are amortized on a straight-line basis or using the units-of-production method over the estimated economic life of the mine which generally refers to proven and probable reserves. The date of transition from construction to production accounting is based on both qualitative and quantitative criteria such as substantial physical project completion, sustained level of mining, sustained level of processing activity, and passage of a reasonable period of time. Upon completion of mine construction activities (based on the determination of the commencement of production), costs are transferred from exploration and development assets and incorporated into the appropriate categories of mining assets.

If the expected useful life of the assets is less than the life of the deposit, depreciation is based on their anticipated useful life on a straight-line basis. If a property is abandoned or deemed economically unfeasible, the related project balances are written off. Amounts relating to values beyond proven and probable ("VBPP") reserves are not amortized until resources are converted into reserves.

Mining costs associated with stripping activities in an open pit mine are expensed unless the stripping activity can be shown to represent a betterment to the mineral property in which case such costs to be capitalized. Capitalized stripping costs are amortized over the reserves that directly benefit from the stripping activity on a units-of-production basis.

(l) Business combinations

Business combinations are accounted for using the purchase method of accounting, whereby identifiable assets acquired and liabilities assumed are recorded at fair value as of the date of acquisition with the excess of the purchase price over such fair value recorded as goodwill.

If a transaction does not meet the definition of a business combination as per Canadian GAAP, the transaction is recorded as an acquisition of an asset.

(m) Impairment of long-lived assets

Long-lived assets are reviewed for impairment periodically or whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impairment loss must be recognized if the carrying amount of a long-lived asset exceeds the sum of the undiscounted cash flows expected to result from its use and eventual disposition. In that event, the asset must be written down to its fair value (present value of future cash flows) and an impairment loss is recorded in earnings. Net estimated future cash flows from each long-lived asset are calculated based on anticipated future production (proven and probable reserves as well as value beyond proven and probable reserves), estimated metal prices, operating costs, capital expenditures and site restoration expenses. The Company will determine fair value from recent transactions involving sales of similar properties if deemed more appropriate in the circumstances. Management's estimate of future cash flows is subject to risk and uncertainties and it is reasonably possible that changes could occur with evolving economic conditions, which may affect the recoverability of the Company's long-lived assets and may have a material effect on the Company's results of operations and financial position.

(n) Goodwill and goodwill impairment

Goodwill assigned to the reporting units following a business combination is not amortized. The carrying value of goodwill on the balance sheet is tested for impairment at least annually or when there is an indication of potential impairment. The fair value of each reporting unit, which includes goodwill, is compared to the total carrying amount (including goodwill) of that reporting unit. If the fair value exceeds the carrying value, goodwill is not considered to be impaired. If the fair value is less than the carrying value, the fair values of the assets and liabilities within the reporting unit are estimated. The difference between the fair value of the identifiable assets and liabilities within the reporting unit and the fair value of the entire reporting unit represents the implied fair value of the goodwill of the reporting unit. When the carrying value of goodwill exceeds the implied fair value, the excess is charged to earnings in the period in which the impairment is determined.

(o) Other intangible assets

Other intangible assets are related to the fair value of favourable supplier contracts accounted for following the purchase of Cambior Inc. in 2006. Fair value was determined using a differential cost method based on the costs expected to be saved due to the favourable terms of the supplier contracts. Other intangible assets are amortized under the straight-line method based on the terms of each contract.

(p) Income and mining taxes

The Company uses the asset and liability method of accounting for income and mining taxes. Under this method, future income and mining tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future income and mining tax assets and liabilities are measured using enacted or substantively enacted tax rates that are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. A valuation allowance is recorded against any future income and mining tax asset if it is more likely than not that the asset will not be realized. The effect on future income and mining tax assets and liabilities of a change in tax rates is recognized in earnings in the year that includes the date of enactment or substantive enactment. Mining taxes represent Canadian provincial taxes levied on mining operations and are classified as income taxes since such taxes are based on a percentage of mining profits.

(q) Asset retirement obligations

The Company recognizes, when the legal obligation is incurred, the present value of an estimated liability for the future cost of restoring a mine site upon termination of the operation with a corresponding increase in the carrying value of the related long-lived asset. The Company amortizes the amount added to the asset using the depreciation method established for the related asset. An accretion expense in relation to the discounted liability over the remaining life of the mining properties is recorded in mining costs. The liability is adjusted at the end of each period to reflect the passage of time and changes in the estimated future cash flows underlying the obligation with a corresponding increase in the carrying value of the related long-lived asset. Adjustments to asset retirement obligations for closed mines and environmental and ongoing site reclamation costs at operating mines are charged to the statement of earnings in the period during which they occur.

(r) Flow-through shares

Flow-through common shares require the Company to incur an amount equivalent to the proceeds of the issue on prescribed resource expenditures in accordance with the applicable tax legislation. The Company recognizes a future income tax liability for flow-through shares, and reduces shareholders' equity, on the date the Company files the renouncement documents with the tax authorities to renounce the tax credits associated with the expenditures.

(s) Stock-based compensation plans

The Company has the following stock-based compensation plans (note 21) with related costs included in corporate administration expenses in the statement of earnings.

i. Share option plan

Share option compensation costs are accounted for as an expense in the statement of earnings and credited to contributed surplus within shareholders' equity. This cost is measured based on the fair value of the option on the grant date, calculated by the Black-Scholes option pricing model, and is recognized over the related service period. Upon exercise of share options, consideration paid by employees and the grant-date fair value of options exercised are added to common shares.

ii. Share bonus plan

The Company expenses share bonuses granted to employees over the three-year or five-year vesting period. Share bonuses to directors are expensed on issuance as they vest immediately.

iii. Deferred share plan

The Company expenses deferred share units granted to employees over a three- or four-year vesting period.

iv. Share purchase plan

Effective January 1, 2007, the Company initiated a share purchase plan where the Company contributes towards the purchase of shares on the open market. The Company's contribution vests on December 31 of each year and is charged to earnings in the year of contribution.

(t) Revenue recognition

Revenues from the sale of gold and by-products (silver and copper concentrate) are recognized when the metal is delivered and title transfers to the counterparties to the transaction.

Revenues from the sale of niobium (ferroniobium) are recognized when legal title (rights and obligations) to the ferroniobium is transferred to the buyer.

Royalty revenue is recognized when the Company has reasonable assurance as to measurement and collectability. The Company holds two types of royalties:

i. Revenue based royalties such as Net Smelter Return ("NSR") or Gross Proceeds Royalties:

Revenue based royalties are determined based on the proceeds from the sale or other disposition of minerals recovered from the property on which the royalty interest is held. The form, manner and timing of the receipt of any specific royalty payment are governed by the corresponding royalty agreement with the owner of the royalty property.

ii. Profits based royalties such as Net Profits Interests ("NPI"):

An NPI royalty is based on the profit after allowing for costs related to production as defined in the relevant royalty agreement. Payments generally begin once the Company has received pay-back of capital costs. The royalty holder is responsible neither for providing capital, nor covering operating losses or environmental liabilities. Revenue is recognized in accordance with the relevant agreement.

(u) Earnings per share

Basic earnings per share are calculated by dividing net earnings by the weighted average number of common shares outstanding during the year. The calculation of diluted earnings per share uses the treasury stock method which adjusts the weighted average number of shares for the dilutive effect of share options, share bonus plan, deferred share plan and warrants.

The computation of diluted earnings per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on earnings per share. No potential common shares are included in the computation of any diluted per share amount when the Company has a loss before discontinued operations.

3. FUTURE ACCOUNTING POLICIES

(a) International Financial Reporting Standards ("IFRS")

In 2008, the Canadian Accounting Standards Board ("AcSB") confirmed that IFRS, as issued by the International Accounting Standards Board ("IASB"), will replace Canadian GAAP for publicly accountable enterprises and must be adopted for fiscal years beginning on or after January 1, 2011. As a result, IAMGOLD will report under IFRS for interim and annual periods beginning January 1, 2011, with comparative information for 2010 restated under IFRS.

(b) Canadian GAAP – Section 1582, Business combinations; Section 1601, Consolidated financial statements; Section 1602, Non-controlling interests; and amendments to Section 3251, Equity

The CICA issued three new accounting standards in January 2009: Section 1582, Business combinations; Section 1601, Consolidated financial statements; Section 1602, Non-controlling interests; and amendments to Section 3251, Equity. These new standards will be effective for the Company in 2011 and earlier adoption is permitted as of the beginning of a fiscal year. As a result of the adoption of IFRS, IAMGOLD will not be adopting these new standards.

Section 1582 replaces Section 1581 and establishes standards for the accounting for a business combination. It provides the Canadian equivalent to International Financial Reporting Standards IFRS 3R – Business Combinations.

Sections 1601 and 1602 together replace Section 1600, Consolidated financial statements. Section 1601 establishes standards for the preparation of consolidated financial statements. Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. It is equivalent to the corresponding provisions of International Financial Reporting Standard IAS 27 – Consolidated and separate financial statements.

Amendments to Section 3251 apply to entities that have adopted Section 1602 and require separate presentation on the statements of operations and comprehensive income of income attributable to owners of the Company and those attributable to non-controlling interests. The amendments also require that non-controlling interests be presented separately as a component of equity.

(c) Canadian GAAP – Amendment to Section 3855, Financial instruments – Recognition and measurement

In June 2009, Section 3855, Financial instruments – Recognition and measurement was amended to clarify the situation where the embedded prepayment option is considered closely related and, therefore, is not separated from the host debt instrument for recognition purposes. This amendment will be effective for the Company in 2011. As a result of the adoption of IFRS, IAMGOLD will not be adopting these amendments.

4. ACQUISITIONS AND DIVESTURES

(a) La Arena project

In June 2009, an option and earn-in agreement was entered into with Rio Alto Mining Limited ("Rio Alto") for the sale of the La Arena project in Peru. In 2009, the Company received 8,024,511 common shares (10.6% interest) and 1,500,000 warrants of Rio Alto for a total value of $1.4 million at inception.

During the option term, Rio Alto earned-in newly issued shares of La Arena S.A., an IAMGOLD wholly-owned subsidiary, up to the maximum allowed under the agreement of 38.7% by incurring $30,000,000 in expenditures on the La Arena project. Total expenditures on the La Arena project totaled $35,250,000 during 2010 ($38,933,000 since its appointment in 2009).

In February 2011, as per the option agreement, Rio Alto purchased all of the outstanding shares of La Arena S.A. for a cash payment of $48,847,000. Major classes of assets and liabilities included as part of the La Arena project were as follows as at December 31, 2010.

At December 31	**2010**
	$
Current assets	147
Exploration and development	66,941
Capital assets	103
Goodwill	7,318
Current liabilities	(6,045)
Future income and mining tax liability	(7,018)
Non-controlling interests	(27,524)
	33,922

(b) Orezone Resources Inc. ("Orezone")

On February 25, 2009, the Company acquired all of the outstanding common shares of Orezone. The principal asset of Orezone was a 90% interest in the Essakane gold project in Burkina Faso. Prior to the 100% acquisition of Orezone, other exploration properties that were not related to the Essakane project were spun out into a new exploration company, Orezone Gold Corporation ("Orezone Gold"), a new public company. The holders of common shares of Orezone received, for each share, 0.08 of an IAMGOLD common share and 0.125 of a common share of Orezone Gold. As a result of the transaction, IAMGOLD held approximately 16.6% of Orezone Gold.

In accordance with Canadian GAAP, CICA Section 1581, Business combinations, this transaction did not meet the definition of a business combination as the primary asset (the Essakane project), as at the date of the acquisition, had not commenced planned principal operations and was in the development stage. Consequently, the transaction has been recorded as an acquisition of an asset.

On February 25, 2009, a total of 28,817,244 IAMGOLD shares valued at $220,735,000, were issued for the acquisition of Orezone. The value was determined based on the market value of the IAMGOLD shares at the closing date of the transaction. The Company also settled the convertible debenture assumed from Orezone by paying cash of $4,021,000 and issuing to the holder 555,425 common shares of IAMGOLD.

The Company's private placement in Orezone acquired on December 31, 2008, for gross consideration of $16,420,000, was accounted for using the equity method of accounting within working interests. The Company recognized an equity loss of $491,000 (note 10) for the period between the acquisition date and February 25, 2009. In conjunction with the Orezone Gold spin off, an amount of $3,416,000 representing the Company's 16.6% interest in Orezone Gold was reclassified out of working interests into marketable securities. The Company's investment in Orezone Gold has been designated as available-for-sale marketable securities (included in other long-term assets). The remaining private placement balance of $12,513,000 has been included as part of consideration for the transaction. Also included as part of consideration were the issuance of options and warrants of IAMGOLD and a cash subscription of $3,975,000 into the shares of Orezone Essakane (BVI) Limited, a wholly-owned subsidiary of Orezone.

The purchase price of $238,105,000 was allocated to the assets acquired and the liabilities assumed based on the fair value of the total consideration at the closing date of acquisition. All financial assets acquired and financial liabilities assumed were recorded at fair value. The excess of the amounts assigned to the acquired assets over the consideration paid was allocated on a pro rata basis to reduce values assigned to mining assets and exploration and development assets acquired. The future tax liability attributable to the asset acquisition was calculated using the appropriate method in order to allocate the purchase price to the assets and the related future tax liability.

	2009
Assets acquired and liabilities assumed	$
Current assets	2,414
Other long-term assets	18
Exploration and development	339,241
Current liabilities	(15,013)
Debt	(40,000)
Convertible debenture	(8,276)
Future income and mining tax liability	(40,279)
	238,105
Consideration paid	
Issuance of shares	220,735
Initial private placement investment	12,513
Additional subscription	3,975
Options issued	684
Warrants	148
Transaction costs	5,369
Less: Cash and cash equivalents acquired	(5,319)
	238,105

(c) Investment in Oromin Explorations Ltd. ("Oromin")

In June 2009, the Company acquired 16,088,636 common shares at C$0.70 per share for a total investment of $10,316,000 (C$11,262,000), representing 17% of issued and outstanding shares of Oromin. Oromin is the owner of a joint venture interest in a large property in Senegal at the exploration and preliminary feasibility stage. The Company acquired these common shares for investment purposes. This investment is classified as available-for-sale marketable securities (included in other long-term assets).

(d) Acquisition of an additional 3% interest in Sadiola

Prior to December 29, 2009, IAMGOLD held a 38% interest in the Sadiola joint venture ("SEMOS"). Other shareholders included AngloGold Limited ("AGA") (38%), the Republic of Mali ("ROM") (18%) and the International Financial Corporation ("IFC") (6%). On December 29, 2009, IAMGOLD and AGA each acquired an additional 3% interest in SEMOS from IFC, increasing each ownership interest to 41%. In 2010, ROM did not elect to take up its proportionate entitlement of 0.574% interest in SEMOS from each of the Company and AGA.

The consideration for the 3% interest in SEMOS was $6,000,000 in cash followed by contingent payments of:

- $250,000 in each of 2010, 2011 and 2012 when the average gold price for the year exceeds $900 per ounce, or $500,000 in each of the aforementioned years when the average gold price for the year exceeds $1,000 per ounce. Based on the future estimated gold price, the Company determined that it is likely that payments will be required and recognized a discounted contingent liability of $1,449,000, including the payment of $500,000 made at the beginning of 2011, since the average gold price exceeded $1,000 per ounce during 2010. The increase of $341,000 in this contingent liability at the end of 2010 compared to the contingent liability of $1,108,000 recognized at the end of 2009 was recorded as a derivative loss in the consolidated statement of earnings.
- $500,000 upon approval by the board of directors of SEMOS and ROM to proceed with the development of the Sadiola deep sulphide project. The deep sulphide project is in the feasibility stage and at the end of December 2010, the project was not approved and accordingly the Company did not account for the contingent liability of $500,000.

The Sadiola mine is a joint venture and the interest in the joint venture is accounted for by the proportionate consolidation method. The adjusted total purchase price of $5,573,000 was net of cash and cash equivalents acquired of $1,535,000. The purchase price was allocated to the assets acquired and the liabilities assumed based on the fair value of the total consideration at the closing date of acquisition. All financial assets acquired and financial liabilities assumed were recorded at their proportionate fair value. The excess of the amounts assigned to the acquired assets over the consideration paid was allocated to reduce the value assigned to mining assets acquired. The future tax asset attributable to the asset acquisition was calculated using the appropriate method in order to allocate the purchase price to the assets and the related future tax asset.

Final Fair Value	**2009**
Assets acquired and liabilities assumed	$
Current assets	2,639
Other long-term assets (ore stockpiles)	3,251
Mining assets	1,206
Future income and mining tax asset	413
Current liabilities	(997)
Asset retirement obligations	(939)
	5,573
Consideration paid	
Cash payment	6,000
Discounted contingent liability recognized	1,108
Less: Cash and cash equivalents acquired	(1,535)
	5,573

(e) Acquisition of EURO Ressources S.A. ("EURO Ressources")

In 2008, the Company acquired 52,838,639 shares of EURO Ressources, representing 84.55% of the current share capital of EURO Ressources. EURO Ressources has a participation right royalty on production from IAMGOLD's Rosebel gold mine. The total purchase price amounted to $82,030,000, including transaction costs of $3,514,000 less cash and cash equivalents acquired of $2,063,000.

The final purchase price allocation of EURO Ressources determined in 2009 was as follows:

Final Fair Value	**2008**
Assets acquired and liabilities assumed	$
Other current assets	5,407
Mining assets	81,584
Goodwill	30,804
Current liabilities	(3,363)
Debt	(657)
Forward sales liability	(4,950)
Future income and mining tax liabilities	(24,107)
Non-controlling interest	(2,688)
	82,030
Consideration paid	
Cash	80,579
Transaction costs	3,514
Less: Cash and cash equivalents acquired	(2,063)
	82,030

5. Cash and Cash Equivalents

At December 31	2010	2009
	$	$
Cash	**269,194**	182,570
Cash equivalents:		
Short-term deposits with initial maturities of less than three months	**1,585**	8,804
Cash and cash equivalents	**270,779**	191,374

6. Gold Bullion

At December 31		2010	2009
Ounces held	(oz)	**100,001**	99,999
Weighted average acquisition cost	($/oz)	**404**	404
Acquisition cost	(in $000s)	**40,411**	40,408
End of year spot price for gold	($/oz)	**1,406**	1,088
End of year market value	(in $000s)	**140,551**	108,749

In 2010, the Company acquired two ounces of gold. In 2009, the Company sold 73,705 ounces of its gold bullion at an average price of $901 per ounce with proceeds of $66,411,000, resulting in a gain of $36,628,000.

7. Receivables and Other

At December 31	2010	2009
	$	$
Gold trade receivables	**9,808**	7,693
Settlement receivables from sales of niobium	**12,666**	20,720
Receivables from governments related to taxes, mineral rights and exploration tax credits	**24,422**	24,717
Royalty receivable	**1,625**	1,188
Other receivables	**6,665**	7,911
	55,186	62,229
Derivatives – currency contracts	**-**	142
Derivatives – heating oil option contracts	**-**	2,723
Derivatives – aluminum option contracts	**-**	186
Marketable securities – current portion	**6,670**	-
Prepaid expenses	**20,139**	17,802
	81,995	83,082

8. Inventories

At December 31	2010	2009
	$	$
Gold production inventory	**45,989**	43,548
Niobium production inventory	**13,193**	7,436
Concentrate inventory	**653**	703
Ore stockpiles – current	**19,652**	26,408
Mine supplies	**126,789**	83,938
	206,276	162,033

At December 31, 2010, the Company also had long-term ore stockpiles totaling $97,880,000 included in other long-term assets (December 31, 2009 - $70,370,000) (note 9). The amount of inventories recognized as an expense during the year is included in mining costs in the consolidated statement of earnings. The cost of inventory that was charged to expense represents all mining costs and amortization of mining assets. During 2010 and 2009, there was no write-down of inventories recognized as an expense.

9. OTHER LONG-TERM ASSETS

At December 31	2010	2009
	$	$
Receivables from governments related to taxes, mineral rights and exploration tax credits	9,570	6,229
Marketable securities – long-term portion	60,633	46,407
Warrants	4,748	1,382
Long-term ore stockpiles	97,880	70,370
Capital assets	7,169	6,275
Other assets	5,620	5,459
	185,620	136,122

10. WORKING INTERESTS

The Company holds an 18.9% working interest in Gold Fields Ghana Limited ("Tarkwa mine"), an unlisted Ghanaian company holding 100% of the Tarkwa gold mine in Ghana. The carrying value of this asset was recorded on the balance sheet on January 7, 2003, at its fair value of $42,742,000. This amount included a fair value increment of $4,617,000, which is amortized on a units-of-production basis over the life of the mine corresponding to the proven and probable reserves.

The Company also holds an 18.9% working interest in Abosso Goldfields Limited ("Damang mine"), an unlisted Ghanaian company holding 100% of the Damang gold mine in Ghana. The carrying value of this asset was recorded on the balance sheet on January 7, 2003, at its fair value of $15,298,000. This amount included a fair value increment of $6,261,000, which is amortized on a units-of-production basis over the life of the mine corresponding to the proven and probable reserves.

On December 31, 2008, IAMGOLD acquired 71,428,571 common shares of Orezone at a price of C$0.28 per share for total consideration of $16,420,000. The investment was recorded using the equity method of accounting until February 25, 2009, when the Company completed the acquisition of 100% of Orezone (note 4(b)). Effective February 25, 2009, Orezone's results have been consolidated into IAMGOLD's consolidated financial statements.

	Tarkwa	Damang	Orezone	Total
	$	$	$	$
Balance, December 31, 2007	95,549	16,929	-	112,478
Acquisition	-	-	16,420	16,420
Earnings from working interests in 2008	22,223	2,050	-	24,273
Balance, December 31, 2008	117,772	18,979	16,420	153,171
Consolidation of Orezone	-	-	(15,929)	(15,929)
Earnings from working interests in 2009	30,810	5,717	(491)	36,036
Balance, December 31, 2009	148,582	24,696	-	173,278
Earnings from working interests in 2010	43,554	12,942	-	56,496
Dividends received from working interests in 2010	(18,900)	(5,670)	-	(24,570)
Loan repayments in 2010	(18,242)	-	-	(18,242)
Balance, December 31, 2010	154,994	31,968	-	186,962

11. ROYALTY INTERESTS

	Cost	Accumulated Amortization	Net Royalty Interests
At December 31, 2010	**$**	**$**	**$**
Royalties			
Diavik[(1)]	**49,446**	**26,289**	**23,157**
Magistral[(2)]	**3,109**	**502**	**2,607**
Auplata[(3)]	**750**	**-**	**750**
	53,305	**26,791**	**26,514**

	Cost	Accumulated Amortization	Net Royalty Interests
At December 31, 2009	$	$	$
Royalties			
Diavik[(1)]	49,446	23,365	26,081
Magistral[(2)]	3,109	502	2,607
	52,555	23,867	28,688

(1) The Company owns a 1% gross proceeds royalty on certain claims in the Lac de Gras region of the Northwest Territories, including the Diavik lands controlled by Harry Winston Diamond Corporation and Diavik Diamond Mines Inc.

(2) The Company owns a sliding scale NSR royalty on mineral production from the Magistral gold property in Mexico owned by US Gold Corporation. The royalty rate is 3.5% until 380,000 ounces of gold have been produced and 1% thereafter. In July 2005, mine operations were suspended. In 2008, the Company assessed the estimated fair value of the royalty against its carrying value including the associated goodwill, and determined an impairment charge was required. The $2,772,000 carrying value of goodwill was charged to earnings. No additional impairment was required in 2010 and 2009.

(3) In 2010, the Company transferred shares held in a subsidiary in exchange for a royalty on gold production of properties. The fair value of the properties transferred was attributed to this non-monetary transaction. The royalty rate will be 10% for production of up to 2,000,000 ounces of gold and 5% for the cumulative production of between 2,000,000 ounces and 5,000,000 ounces of gold. The royalty rate for gold production will be applied to the excess of the market price of gold during a given quarter above $400 per ounce. These properties are in the development phase.

12. MINING ASSETS

	Cost	Accumulated Depreciation and Depletion	Net Mining Assets
At December 31, 2010	**$**	**$**	**$**
Plant and equipment	**1,218,198**	**441,155**	**777,043**
Mining property and deferred costs	**1,836,548**	**814,862**	**1,021,686**
Construction in progress	**26,384**	**-**	**26,384**
	3,081,130	**1,256,017**	**1,825,113**

At December 31, 2009	$	$	$
Plant and equipment	628,479	375,482	252,997
Mining property and deferred costs	1,481,679	731,566	750,113
Construction in progress	50,238	-	50,238
	2,160,396	1,107,048	1,053,348

13. EXPLORATION AND DEVELOPMENT

Capitalized investments in exploration and development properties, net of impairment charges, were as follows:

At December 31	Note	**2010**	2009
		$	$
Burkina Faso – Essakane project[(1)]		**-**	596,630
Canada – Westwood project		**231,737**	131,286
Ecuador – Quimsacocha project		**26,771**	22,180
Tanzania – Other		**726**	726
French Guiana – Camp Caiman project		**3,223**	3,476
Peru – La Arena project	4(a)	**66,941**	30,008
Peru – Other		**1,773**	1,773
		331,171	786,079

(1) On July 16, 2010, the Company began production accounting for the Essakane mine. The date of transition from construction to production accounting was made by IAMGOLD's management committee based on both qualitative and quantitative criteria described in the Company's accounting policy in note 2(k). At this date, costs were transferred from exploration and development assets and incorporated into the appropriate categories of mining assets.

14. GOODWILL

At December 31	Note	**2010**	2009
		$	$
Balance, beginning of year		**334,004**	342,046
Adjustment – Cambior		**4,741**	13,892
Adjustment – La Arena project		**(3,971)**	(1,320)
Adjustment and acquisition – EURO Ressources		**-**	7,625
Impairment – Camp Caiman project	24	**-**	(28,239)
Balance, end of year		**334,774**	334,004

Goodwill adjustments include final purchase price adjustments, foreign exchange impacts and disposals.

15. Financial Instruments

The following table presents the carrying amounts and estimated fair values of the Company's financial instruments.

At December 31		2010		2009
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
	$	**$**	$	$
Financial Assets				
Cash and cash equivalents(1)	**270,779**	**270,779**	191,374	191,374
Receivables included in receivables and other(2)	**55,186**	**55,186**	62,229	62,229
Derivatives – Currency contracts(3)	**-**	**-**	142	142
Derivatives – Heating oil option and swap contracts(3)	**-**	**-**	2,723	2,723
Derivatives – Aluminum option contracts(3)	**-**	**-**	186	186
Marketable securities(3)	**67,303**	**67,303**	46,407	46,407
Warrants held as investments(3)	**4,748**	**4,748**	1,382	1,382
Financial Liabilities				
Accounts payable and accrued liabilities(4)	**(210,826)**	**(210,826)**	(175,320)	(175,320)
Derivatives – Gold option contracts(3)	**(11,831)**	**(11,831)**	-	-
Other long-term liability – Embedded derivatives(5)	**(1,449)**	**(1,449)**	(1,108)	(1,108)

(1) The related interest income totaled $157,000 in 2010 (2009 – $790,000).

(2) Refer to the credit risk section below. The fair value approximates the carrying amount given the short maturity period.

(3) Derivatives, marketable securities and warrants held as investments in other companies are discussed below in the market risk section.

(4) Refer to the liquidity risk section below. The fair value approximates the carrying amount given the short maturity period.

(5) Related to the contingent liability following the purchase in 2009 of the additional 3% interest in Sadiola as described in note 4(d).

(a) Risks

The Company is subject to various financial instrument risks that could have a significant impact on profitability, levels of operating cash flow and financial conditions. Ongoing financial market conditions may have an impact on interest rates, gold prices and currency rates.

The Company is exposed to various liquidity, credit, and market risks associated with its financial instruments, and manages those risks as follows:

i. Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

As at December 31, 2010, the Company's cash and cash equivalents, and gold bullion position valued at the year-end gold market price, was $411,330,000 (December 31, 2009 – $300,123,000). The Company also has a $350,000,000 unsecured revolving credit facility. As at December 31, 2010, no funds were drawn against this credit facility. Additional information on capital is disclosed in note 22.

The Company has a treasury policy designed to support management of liquidity risk as follows:

- Invest in financial instruments in order to preserve capital, maintain required liquidity and realize a competitive rate of return while considering an appropriate and tolerable level of credit risk;
- Invest in gold bullion until a combination of factors indicates that a sale or use of gold bullion is strategically advantageous for the Company, or as part of the overall treasury management;
- Monitor cash balances within each operating entity;
- Perform short- to medium-term cash flow forecasting, as well as medium and long-term forecasting incorporating relevant budget information;
- Consider the need for expanding treasury activity if and when appropriate (including but not limited to hedging and derivatives); and
- Establish credit limits for counterparties and review limits periodically.

The market liquidity risk is the risk that the Company has entered into a derivative position that cannot be closed out quickly, by either liquidating such derivative instrument or by establishing an offsetting position. Under the terms of the Company's hedging agreements, counterparties cannot require the immediate settlement of outstanding derivatives, except upon the occurrence of customary events of default such as covenant breaches, including financial covenants, insolvency or bankruptcy. The Company generally mitigates liquidity risk by spreading out the maturity of its derivatives over time.

ii. Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The maximum amount of credit risk is equal to the balance of cash and cash equivalents, receivables and derivative assets. Where applicable, the fair value of derivatives has been evaluated to account for counterparty credit risk.

The Company holds cash and cash equivalents in creditworthy financial institutions and does not hold any asset-backed commercial paper.

For derivatives, the Company mitigates credit risk by entering into derivatives with high quality counterparties, limiting the exposure per counterparty, and monitoring the financial condition of the counterparties.

Receivables included in receivables and other are summarized in note 7. The credit risk related to gold trade receivables is considered minimal as gold is sold to creditworthy major banks and settled promptly, usually within the following month.

Niobium sales credit risk on settlement receivables is related to difficulties buyers may have in meeting their payment obligations. At December 31, 2010, 61% of outstanding settlement receivables from sales of niobium were outstanding for less than 30 days and 33% for between 30 and 60 days. In order to minimize the credit risk related to receivables from sales of niobium, credit limit exposure reviews are performed on a regular basis. No impairment was recognized in 2010 and, in 2009, an impaired settlement receivable of $133,000 was recognized and fully provided for through a doubtful account provision. There was no amount that would otherwise be past due or impaired whose terms have been renegotiated. The Company does not hold any security or any other credit enhancements in relation to these receivables.

The credit risk is also related to receivables from governments related to taxes, mineral rights and exploration tax credits. Pending completion of certain government audits, the full balance recorded may not be ultimately realized. Management does not expect the amount realized to be materially different from that currently recorded. In 2008, a write-down related to value added tax ("VAT") receivables of $5,440,000 was recorded against other income in the consolidated statement of earnings. No additional impairment charges were recorded in 2010 and 2009.

iii. Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. For hedging activities, it is the risk that the fair value of a derivative might be adversely affected by a change in underlying commodity prices or currency exchange rates, and that this in turn affects the Company's financial condition.

The Company mitigates market risk by establishing and monitoring parameters that limit the types and degree of market risk that may be undertaken, establishing trading agreements with counterparties under which there are no requirements to post any collateral or make any margin calls on derivatives. Counterparties cannot require settlement solely because of an adverse change in the fair value of a derivative. Market risk comprises three types of risk, share, gold and commodity market price risk, currency risk, and interest rate risk.

Fair value measurements

The following fair value hierarchy, which reflects the significance of the inputs, is used in making the measurements of the fair value of financial assets and liabilities.

Level 1. Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2. Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3. Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company's financial assets and liabilities recorded at fair value were as follows:

At December 31, 2010	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Aggregate Fair Value
	$	$	$	$
Financial assets:				
Available-for-sale:				
Marketable securities	67,303	-	-	67,303
Held-for-trading:				
Warrants held as investments	-	4,748	-	4,748
Total	67,303	4,748	-	72,051
Financial liabilities:				
Derivatives:				
Gold option contracts	-	(11,831)	-	(11,831)
Other long-term liabilities – Embedded derivatives	-	(1,449)	-	(1,449)
Total	-	(13,280)	-	(13,280)

At December 31, 2009	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Aggregate Fair Value
	$	$	$	$
Financial assets:				
Derivatives:				
Currency contracts	-	142	-	142
Heating oil option contracts	-	2,723	-	2,723
Aluminum option contracts	-	186	-	186
Available-for-sale:				
Marketable securities	46,407	-	-	46,407
Held-for-trading:				
Warrants held as investments	-	1,382	-	1,382
Total	46,407	4,433	-	50,840
Financial liabilities:				
Other long-term liabilities – Embedded derivatives	-	(1,108)	-	(1,108)

Valuation techniques

Marketable securities:

The fair value of available-for-sale marketable securities is determined based on a market approach reflecting the closing price of each particular security at the balance sheet date. The closing price is a quoted market price obtained from the exchange that is the principal active market for that particular security and is therefore classified within Level 1 of the fair value hierarchy.

Warrants held as investments:

The fair value of warrants held as investments is obtained through the use of Black-Scholes pricing models which use share price inputs and volatility measurements and are therefore classified within Level 2 of the fair value hierarchy.

Derivatives:

For its derivative contracts (gold, currency, heating oil and aluminum) and embedded derivatives, the Company obtains a valuation of the contracts from counterparties of its portfolio of contracts. Valuations are based on forward rates considering the market price, rate of interest and volatility, and take into account the credit risk of the financial instrument, and are therefore classified within Level 2 of the fair value hierarchy.

Marketable securities and warrants held as investments, and market price risk

IAMGOLD holds certain marketable securities following the settlement of specific transactions (e.g., disposal of a project in exchange for the shares of the counterparty) or as a strategic investment. These investments relate to mining companies which are part of a volatile market. Share market price exposure risk is related to the fluctuation in the market price of marketable securities.

Investments in marketable securities are classified as available-for-sale and are recorded at fair value in receivables and other for marketable securities expected to be sold in the next 12 months, and for the remainder in other long-term assets on the consolidated balance sheet. In 2010, an unrealized gain related to the change in market price of marketable securities classified as available-for-sale of $43,102,000 was recorded in other comprehensive income (2009 – $22,161,000 unrealized gain; 2008 – $6,158,000 unrealized loss). The Company sold some of its marketable securities during 2010 and 2009. Gains previously included in other comprehensive income were transferred to the statement of earnings. Gains on disposal of marketable securities of $21,042,000 in 2010 (2009 – $2,473,000) were recognized in the consolidated statement of earnings. At the end of the year, the Company reviewed the value of marketable securities for other-than-temporary impairment based on both quantitative and qualitative criteria and determined that no impairment charge was required in 2010 (2009 – $4,579,000; 2008 – $409,000 recorded in other expenses). Factors considered in determining impairment included a decreasing trend of these investments' market value and other information available on these companies.

The Company also has share purchase warrants held as investments included in other long-term assets on the consolidated balance sheet. These warrants are considered held-for-trading and are measured at fair value. The unrealized gain or loss related to changes in fair value is reported under derivative gain or loss in the consolidated statement of earnings. An unrealized gain of $3,952,000 related to the change in the fair value of warrants held as investments classified as held-for-trading was recorded in 2010 (2009 – $2,307,000 unrealized gain; 2008 – $897,000 unrealized loss). Some of the warrants were converted into shares during 2010 and 2009.

At December 31, 2010, the impact of a change of 10% in the fair value of marketable securities and warrants held as investments would have resulted in a change in unrealized net of tax gain/loss of $5,778,000 that would be included in other comprehensive income, and a change of $412,000 in net earnings.

Gold market price risk

The market risk related to the fluctuation in the price of gold has an impact on the fair value of the gold derivative and embedded derivative contracts. The Company's gold contracts are specific to the Mupane mine production and intended to support a positive operating cash flow for the remaining limited life of the operation. As of December 31, 2010, the options provided protection on 52,800 ounces in 2011 at prices between $1,000 and $1,400 per ounce, and on 54,000 ounces in 2012 at prices between $1,000 and $1,500 per ounce. The total of these option contracts provides hedges of in excess of 80% of the expected production through the end of mine life in 2013.

During 2010, option contracts for 25,200 ounces of gold expired without being exercised while option contracts for 16,400 ounces were exercised.

Fair value adjustments (unrealized loss on contracts) and realized losses on deliveries were recognized during 2010 and recorded as follows:

Years ended December 31	**2010**	2009	2008
	$	$	$
Unrealized loss on contracts – Mupane	**11,831**	-	-
Unrealized loss on contracts – EURO Ressources	**-**	1,643	2,107
Realized loss – Mupane	**902**	-	-
Total included in derivative loss	**12,733**	1,643	2,107

At December 31		**2010**		2009
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
	$	**$**	$	$
Gold option contracts (Mupane)				
Expiring in 2011	**(5,504)**	**(5,504)**	-	-
Expiring in 2012	**(6,327)**	**(6,327)**	-	-
	(11,831)	**(11,831)**	-	-

As at December 31, 2010, the valuation of the remaining gold option contracts was based on a gold price of $1,410 per ounce and, following the assumption of an increase or a decrease of $100 per ounce, would have been as follows; the total impact would be included in net earnings.

	December **31, 2010 $1,410/oz**	Increase of $100/oz at $1,510/oz	Decrease of $100/oz at $1,310/oz
	Fair Value	Fair Value	Fair Value
	$	$	$
Gold option contracts	**(11,831)**	(18,971)	(6,191)

On the acquisition date of EURO Ressources in 2008, there were outstanding gold forward sale agreements for settlement in 2009. In 2009, the Company paid the settlement obligation of $3,617,000 outstanding for ounces bought back in December 2008. During 2009, all the ounces came to maturity with a fair value of $1,429,000 paid in October 2009 and $3,654,000 expiring in December 2009 with settlement in January 2010. These contracts did not qualify for hedge accounting and the decrease in fair value in 2009 totaling $1,643,000 ($2,107,000 between the acquisition date and December 31, 2008) was accounted for as a derivative loss.

Currency exchange rate risk

Movements in the Canadian dollar and the euro against the U.S. dollar have a direct impact on the Company's financial statements. International operations have exposure to currencies; however metal sales are mainly transacted in U.S. dollars and a significant portion of each international operation's cost base is denominated in U.S. dollars.

The impact of conversion of transactions denominated in foreign currencies is accounted for in the statement of earnings and presents increased risk, as the Canadian dollar and other currency rates fluctuate in relation to the U.S. dollar. As the Company's Canadian mines are considered self-sustaining foreign operations under Canadian GAAP, the foreign exchange impact of translating their financial statement balances to U.S. dollars is accounted for in accumulated other comprehensive income, as a cumulative translation adjustment, which shelters the operations from having this impact on the consolidated statement of earnings until the investment is repatriated.

In 2010 and 2009, the Company used foreign exchange contracts to mitigate the risk of variability of the U.S. dollar compared to the Canadian dollar, South African rand and the euro. These option contracts did not qualify for hedge accounting.

At the end of 2010, there were no outstanding currency contracts. The Company's objective is to hedge its exposure to the Canadian dollar and the euro requirement due to capital expenditures required to advance the Westwood project and operating and capital expenditures at the Niobec and the Essakane mines.

The total fair value of these contracts at the end of 2009 was included in receivables and other on the consolidated balance sheet.

At December 31	**2010**	2009
	$	$
Euro	**-**	290
Rand	**-**	(148)
Total	**-**	142

Fair value adjustments were recognized during the year and recorded as an unrealized derivative gain/loss. A realized loss of $689,000 related to the derivative contracts was also accounted for in 2010. In addition, in April 2010, one of the Company's subsidiaries entered into a foreign exchange forward contract with its financial institution to mitigate the impact of foreign exchange changes on the issuance premium to be paid in euros in May 2010. The forward price agreed to was €1 for an $1.3570 and on the day of maturity the exchange rate was €1 for $1.2201, resulting in a realized derivative loss of $2,396,000 during the second quarter of 2010.

Years ended December 31	**2010**	2009	2008
	$	$	$
Unrealized loss (gain) on contracts	**-**	(573)	573
Realized loss (gain)	**3,085**	(2,890)	-
Total included in derivative loss (gain)	**3,085**	(3,463)	573

Foreign exchange loss/gain

The foreign exchange loss in 2010 was $1,700,000 compared to a foreign exchange gain of $26,967,000 in 2009. The majority of the foreign exchange loss during 2010 and the gain in 2009 were related to the impact of foreign exchange variation on cash held in Canadian dollars. The amount was larger in 2009, resulting from the equity financing in Canadian dollars during the first quarter of 2009.

In relation to cash held in foreign currencies at the end of 2010, a 10% weaker currency against the U.S. dollar would have negatively impacted net earnings by $1,914,000 net of tax impact. A 10% stronger currency against the U.S. dollar would have positively impacted net earnings by $2,340,000 net of tax impact.

Heating oil option contracts and fuel market price risk

Diesel is a key input to extract tonnage and, in some cases, to wholly or partially power operations. Since fuel is produced by the refinement of crude oil, changes in the price of oil directly impact fuel costs. The Company believes there is a strong relationship between prices for crude oil, heating oil and diesel. Since heating oil is traded in an active market, the Company uses heating oil swap and option contracts to mitigate the risk of oil price volatility on fuel consumption.

In 2010, the Company entered into swap and option contracts to hedge 11,970,000 gallons or 50% of 2010 planned fuel requirements at the Rosebel, Essakane, Mupane, Sadiola and Yatela operations. The net premium paid on the option contracts to hedge the planned requirements was $1,630,000 (premium average price of $0.19 per gallon).

At the end of 2010, there were no outstanding heating oil contracts. The fair value of outstanding contracts at the end of 2009 was included in receivables and other in the consolidated balance sheet. At year end, fair values of outstanding contracts were as follows:

At December 31	**2010**	2009
	$	$
Expired in 2010	**-**	2,723

Fair value adjustments were recognized during the year and recorded as an unrealized derivative loss. A realized gain of $146,000 (net of the premium paid of $1,630,000) relating to the derivative contracts was also accounted for in 2010.

Years ended December 31	**2010**	2009	2008
	$	$	$
Unrealized loss (gain) on contracts expiring in 2009	**-**	(803)	803
Unrealized loss (gain) on contracts expiring in 2010	**1,093**	(1,093)	-
Realized loss (gain)	**(146)**	1,974	-
Total included in derivative loss	**947**	78	803

Aluminum option contracts and market price risk

Aluminum is a key input in the production of niobium. In 2009, the Company entered into contracts to limit the impact of fluctuations of aluminum prices and to economically hedge approximately 20% of its future consumption of aluminum at the Niobec mine. The valuation of these contracts was based on an aluminum price of between $1,667 and $2,076 per metric tonne, at no cost, for the 2010 consumption. At December 31, 2010, there were no outstanding aluminum option contracts. The fair value of outstanding contracts at the end of 2009 was as follows:

At December 31	**2010**	2009
	$	$
Expiring in 2010	**-**	186

Fair value adjustments were recognized during the year and recorded as an unrealized derivative loss, and a realized gain of $79,000 related to the derivative contracts was also accounted for in 2010.

Years ended December 31	**2010**	2009	2008
	$	$	$
Unrealized loss (gain) on contracts expiring in 2010	**186**	(186)	-
Realized gain on contracts expiring in 2010	**(79)**	-	-
Total included in derivative loss (gain)	**107**	(186)	-

Interest rate risk

The Company is exposed to interest rate risk on its cash and cash equivalents and revolving credit facility. Related interests are based on market interest rates. The credit facility provides for an interest rate margin above LIBOR, BA prime rate and Base rate advances which varies according to the senior debt ratio. Fees related to the letter of credit and standby fees also vary according to the senior debt ratio. A change in the debt interest rates would have an impact on net earnings and/or capitalized costs according to the project the debt is related to. The Company does not take any particular measures to protect itself against fluctuations in interest rates.

If interest rates in 2010 had been 10% lower or higher with all other variables held constant, the impact on net earnings would not have been material on the interest expense recorded during 2010.

16. CURRENT PORTION OF LONG-TERM LIABILITIES

At December 31	Note	2010	2009
		$	$
Current portion of:			
Asset retirement obligations	19	**4,931**	7,810
Gold derivative contracts	15	**5,504**	-
Gold forward sales agreement payable – EURO Ressources	15	**-**	3,654
Other		**1,321**	793
		11,756	12,257

17. CREDIT FACILITY

On March 25, 2010, the Company increased its $140,000,000 secured revolving credit facility to a $350,000,000 unsecured revolving credit facility. As at December 31, 2010, no funds were drawn against this credit facility. The amended credit facility provides for an interest rate margin above LIBOR, BA prime rate and Base rate advances which varies according to the total debt ratio. Fees related to the credit facility vary according to the total debt ratio. This credit facility is guaranteed by the Company's major subsidiaries. The maturity date of this amended credit facility is March 24, 2013 with a provision to extend the maturity date for a period of one year. The Company has complied with its credit facility covenants as at December 31, 2010.

In addition, on April 23, 2010, the Company entered into a $50,000,000 revolving credit facility for the issuance of letters of credit. As at December 31, 2010, $18,244,000 in letters of credit were outstanding to guarantee certain asset retirement obligations. The new revolving credit facility provides for a fixed interest rate charge of 0.35% per annum on utilized amounts and standby fees of 0.10% per annum for the unutilized portion of the facility. This revolving credit facility is guaranteed and secured by a Performance Security Guarantee underwritten by Export Development Canada ("EDC"). The maturity date of this new credit facility is April 22, 2011 with a provision to extend the maturity date for a period of one year. The Company has complied with its credit facility covenants as at December 31, 2010.

(a) Credit facility issue costs

Credit facility issue costs are capitalized in other long-term assets and the current portion is included in prepaid expenses. Amortization is calculated on a straight-line basis over the term of the credit facility. The carrying value of these costs at December 31, 2010 was $2,486,000 (December 31, 2009 – $1,046,000).

18. INCOME AND MINING TAXES

Income and mining tax expense differs from the amount that would have been computed by applying the combined federal and provincial statutory income tax rate of 31% in 2010 (2009 – 33%; 2008 – 34%) to earnings before income and mining taxes. The reasons for the differences are as follows:

Years ended December 31	2010	2009	2008
	$	$	$
Earnings before income and mining taxes	415,200	222,104	58,505
Income tax provision calculated using statutory tax rates	128,712	73,294	19,599
Increase (reduction) in income and mining taxes resulting from:			
Earnings not subject to taxation	(17,489)	(13,551)	(8,729)
Earnings (loss) in foreign jurisdictions subject to different tax rates	(9,258)	35,692	9,264
Provincial mining taxes	2,111	(6,283)	8,934
Change in enacted corporate income tax rates	(5,052)	(229)	(1,943)
Losses not tax benefited	15,551	13,651	15,367
Impairment charges	-	-	12,501
Amounts not deductible for tax purposes	15,688	(696)	10,464
Other	5,144	6,103	2,964
Total income and mining taxes	135,407	107,981	68,421

The provision for income and mining taxes is made up of the following components:

Years ended December 31	2010	2009	2008
	$	$	$
Current:			
Foreign income tax	132,881	91,004	68,665
Provincial mining tax	765	1,270	7,675
	133,646	92,274	76,340
Future:			
Foreign income tax (recovery)	(6,266)	1,643	(23,539)
Federal and provincial income tax	6,681	21,618	14,362
Provincial mining tax (recovery)	1,346	(7,554)	1,258
	1,761	15,707	(7,919)
Total	135,407	107,981	68,421

The components that give rise to future tax liabilities are as follows:

At December 31	**2010**	2009
	$	$
Future tax assets:		
Other assets	**16,846**	3,008
Exploration and development expenses	**16,740**	42,348
Share issue costs	**3,381**	4,324
Non-capital losses	**123,694**	83,682
Net capital losses	**642**	474
Mining assets	**1,234**	20,098
Corporate minimum tax credits	**-**	89
Asset retirement obligations	**20,516**	26,989
Accrued benefit liability	**1,244**	852
Mining duties	**2,932**	2,768
	187,229	184,632
Valuation allowance	**(101,335)**	(84,174)
Future tax asset after valuation allowance	**85,894**	100,458
Future tax liabilities:		
Mining assets	**(244,307)**	(264,553)
Exploration and development	**(40,288)**	(4,852)
Royalty interests	**(20,346)**	(38,015)
Intangibles	**(1,920)**	(3,014)
Other	**(35,087)**	(27,403)
	(341,948)	(337,837)
Net future tax liability	**(256,054)**	(237,379)

The Company has non-capital loss carry forwards for Canadian income tax purposes of approximately $224,118,000, which may be used to reduce taxable income on or prior to 2030. The Company also has cumulative Canadian Exploration Expenses and cumulative Canadian Development Expenses of approximately $25,853,000 and undepreciated capital cost allowances of approximately $258,546,000, net of valuation allowances, which may be carried forward indefinitely, subject to certain restrictions, to reduce taxable income in the future.

In 2010, governmental assistance in the form of the Quebec resources tax credit reduced capitalized exploration expenditures by approximately $11,500,000 (2009 – $6,803,000).

Losses carried forward as at December 31, 2010, will expire as follows:

	Canada	United States	Ecuador	Barbados	Argentina
	$	$	$	$	$
2011	-	1,026	-	2,347	1,432
2012	-	347	-	445	8
2013	-	-	-	535	88
2014	-	-	2,701	162	166
2015	-	-	-	-	-
2016–2030	224,118	3,292	-	10,972	136
	224,118	4,665	2,701	14,461	1,830

	Peru[(1)]	Guyana[(2)]	Botswana	Brazil	Tanzania
	$	$	$	$	$
Unlimited	-	70,383	88,111	26,386	64,942
Undetermined	13,381	-	-	-	-
	13,381	70,383	88,111	26,386	64,942

(1) According to fiscal legislation in Peru, losses can be carried forward until the end of the fourth year following the first year in which a fiscal profit is realized (no fiscal profit has been realized to date).

(2) In accordance with the Mineral Agreement concluded with the government of the country.

19. ASSET RETIREMENT OBLIGATIONS

The Company's activities are subject to various laws and regulations regarding environmental restoration and closure provisions for which the Company estimates future costs. These provisions may be revised on the basis of amendments to such laws and regulations and the availability of new information, such as changes in reserves corresponding to a change in the mine life, acquisition or construction of a new mine. As at December 31, 2010, the Company had letters of credit in the amount of $18,244,000 to guarantee asset retirement obligations.

At December 31, 2010, estimated undiscounted amounts of cash flows required to settle the obligations, expected timing of payments and the average credit-adjusted risk-free rate assumed in measuring the asset retirement obligations were as follows:

	Undiscounted Amounts Required	Expected Timing of Payments	Average Credit-Adjusted Risk-Free Interest Rate
	$		
Rosebel mine	42,159	2011–2028	6.43%
Essakane mine	16,572	2020–2034	6.25%
Doyon mine	113,637	2011–2041	5.65%
Mouska mine	2,270	2012–2020	4.36%
Westwood project	2,476	2029–2040	5.78%
Mupane mine	9,232	2011–2016	4.36%
Sadiola mine (41%)	19,903	2011–2038	5.60%
Yatela mine (40%)	12,111	2011–2021	4.55%
Niobec mine	8,647	2011–2029	5.76%
Other sites	3,870	2011–2109	4.03%–5.73%
	230,877		

The schedule of estimated future disbursements for rehabilitation and for security deposits is as follows:

	$
2011	4,771
2012	7,149
2013	10,348
2014	6,625
2015	8,923
2016 onwards	193,061
	230,877

The following table presents the reconciliation of the liability for asset retirement obligations:

Years ended December 31	Note	**2010**	2009
		$	$
Balance, beginning of year		**105,147**	77,014
New obligations relating to the acquisition of Sadiola 3% interest	4(d)	**-**	939
Revision in the estimated cash flows and timing of payments		**28,807**	24,640
Accretion expense		**6,250**	4,825
Disbursement		**(3,333)**	(6,661)
Foreign exchange variation		**2,807**	4,390
Balance, end of year		**139,678**	105,147
Less current portion	16	**4,931**	7,810
Long-term portion		**134,747**	97,337

20. TERMINATION BENEFITS

Contractual termination benefits of $4,928,000 were recorded in 2008 for both the Doyon and Mouska mines in Canada. In 2009, the life of the Doyon mine was extended from May 2009 to December 2009 due to improved operating efficiencies. In addition, the Company approved a program to extend the life of the Mouska mine from 2009 into early 2012 through the use of paste backfill to extract additional ore. In 2010 and 2009, termination benefits provisions were reduced due to mine life extension at the Mouska mine and the continued employment of certain Doyon mine employees at the Westwood and Essakane sites.

Liabilities relating to termination benefits for the closure of the Company's Doyon and Mouska mines in Canada as of December 31, 2010, were as follows:

	December 31, 2009	Termination Benefits Adjustments in 2010	Paid During 2010	December 31, 2010
	$	$	$	$
Doyon and Mouska	3,279	(420)	(232)	2,627

Termination benefit liabilities as of December 31, 2009 were as follows:

	December 31, 2008	Termination Benefits Adjustments in 2009	Paid During 2009	December 31, 2009
	$	$	$	$
Doyon and Mouska	4,928	(1,588)	(61)	3,279
Sleeping Giant	72	-	(72)	-
Total	5,000	(1,588)	(133)	3,279

At December 31	**2010**	2009
	$	$
Current portion included in Accounts payable and accrued liabilities	**2,357**	1,372
Long-term portion included in Other long-term liabilities	**270**	1,907
	2,627	3,279

21. SHARE CAPITAL

(a) Authorized

Unlimited first preference shares, issuable in series
Unlimited second preference shares, issuable in series
Unlimited common shares

(b) Issued and outstanding common shares

Years ended December 31	2010		2009		2008	
	Number of Shares	**Amount ($)**	Number of Shares	Amount ($)	Number of Shares	Amount ($)
Outstanding, beginning of year	**368,887,211**	**2,203,269**	295,716,675	1,655,755	293,763,672	1,633,119
Shares issued on acquisition of Orezone	**-**	**-**	28,817,244	220,735	-	-
Shares issued following the conversion of a debenture in Orezone	**-**	**-**	555,425	4,254	-	-
Public offerings	**-**	**-**	39,445,000	273,430	-	-
Flow-through shares	**1,978,064**	**28,808**	1,379,310	17,403	928,962	7,041
Exercise of warrants	**160,000**	**2,445**	-	-	-	-
Exercise of options	**1,751,303**	**20,664**	2,878,030	30,855	952,892	15,069
Share bonus and deferred share plans	**72,711**	**689**	95,527	837	71,149	526
Outstanding, end of year	**372,849,289**	**2,255,875**	368,887,211	2,203,269	295,716,675	1,655,755

These amounts are net of issue costs.

On February 25, 2009, 28,817,244 shares valued at $220,735,000 were issued for the acquisition of Orezone (note 4(b)). The value was determined based on the market value of the IAMGOLD shares on the date of transaction. The Company settled a convertible debenture assumed from Orezone by paying cash of $4,021,000 and issuing 555,425 common shares of IAMGOLD.

On March 26, 2009, the Company issued 39,445,000 common shares, at a price of C$8.75 per common share to raise gross proceeds of $281,474,000 (C$345,144,000). The net proceeds were $273,430,000.

(c) Flow-through common shares

Flow-through common shares require the Company to incur an amount equivalent to the proceeds of the issue on prescribed resource expenditures in accordance with the applicable tax legislation. The proceeds from the flow-through shares fund prescribed resource expenditures on the Westwood project.

The Company issued 1,575,000 flow-through shares in March 2010 at C$20.00 per share with gross proceeds of C$31,500,000 in addition to 403,064 flow-through shares in September 2010 at C$24.81 per share with gross proceeds of C$10,000,000 (June 2009, 1,379,310 flow-through shares at C$14.50 per share with gross proceeds of C$20,000,000; March 2008, 928,962 flow-through shares at C$9.15 per share with gross proceeds of C$8,500,000).

In February 2011, IAMGOLD entered into an agreement for a private placement of flow-through shares. The issuance of 1,700,000 shares at a price of $25.48 per share raised gross proceeds of C$43,316,000.

At year end, the Company had applied all of the flow-through share proceeds raised by the prescribed deadlines. The documents required to renounce the tax credits associated with 2010 and 2009 expenditures were filed by the Company in 2010, and the Company recorded a future income tax liability and corresponding reduction of shareholders' equity in the amount of $8,410,000 in 2010. The documents required to renounce the tax credits associated with the 2008 expenditures were filed by the Company in late 2008, and the Company recorded a future tax liability and corresponding reduction of shareholders' equity in the amount of $1,047,000 in 2008.

(d) Warrants

On acquisition of Orezone (note 4(b)) in the first quarter of 2009, 2,000,000 warrants were issued, exercisable for 160,000 shares of IAMGOLD, at a price of C$14.79 each, expiring on August 29, 2010, and evaluated using a risk-free interest rate of 1.27% and dividend yield of 0.76%. These warrants were exercised in August 2010 for net proceeds of $2,297,000. In addition, the carrying value of these warrants of $148,000 has been transferred to common shares.

(e) Share option plan

The Company has a share option plan for its full-time employees, directors and officers and self-employed consultants. The options vest over three or four years and expire no later than 10 years from the grant date. As at December 31, 2010, the total number of shares reserved for the grants of share options was 20,257,401. As of December 31, 2010, 8,389,598 shares remained in reserve. Options issued on the acquisition of Cambior (in 2006) are excluded from this reserve number.

A summary of the status of the Company's share option plan as of December 31, 2010, 2009 and 2008, and changes during the three years then ended is presented below. All exercise prices are denominated in Canadian dollars. The exchange rates at December 31, 2010, 2009, and 2008, between U.S. dollar and Canadian dollar were 0.9999, 1.0491 and 1.2180 respectively.

Years ended December 31	**2010**		2009		2008	
	Options	**Weighted Average Exercise Price (C$)**	Options	Weighted Average Exercise Price (C$)	Options	Weighted Average Exercise Price (C$)
Outstanding, beginning of year	**5,413,233**	**9.75**	6,510,807	8.15	5,741,858	8.63
Granted	**1,286,689**	**14.56**	1,722,200	12.16	2,230,500	6.41
Assumed on acquisition of Orezone assets	**-**	**-**	367,456	17.83	-	-
Exercised	**(1,751,303)**	**9.02**	(2,878,030)	8.62	(952,892)	6.70
Forfeited	**(215,970)**	**10.26**	(309,200)	9.54	(508,659)	8.66
Outstanding, end of year	**4,732,649**	**11.31**	5,413,233	9.75	6,510,807	8.15
Exercisable, end of year	**1,514,835**	**10.88**	1,598,108	10.22	2,851,686	8.51

The following table summarizes information relating to share options outstanding at December 31, 2010:

	Options Outstanding			Options exercisable		
Range of Prices C$	Number Outstanding	Weighted Average Remaining Contractual Life – Years	Weighted Average Exercise Price C$	Number Exercisable	Weighted Average Remaining Contractual Life – Years	Weighted Average Exercise Price C$
3.01–4.00	6,000	0.9	3.90	6,000	0.9	3.90
5.01–6.00	33,360	1.7	5.45	28,360	1.5	5.47
6.01–7.00	1,113,125	2.4	6.42	323,625	2.5	6.43
7.01–8.00	123,410	1.8	7.47	107,535	1.6	7.53
8.01–9.00	202,000	1.8	8.62	134,500	1.9	8.65
9.01–10.00	25,000	1.2	9.77	-	-	-
10.01–11.00	587,000	0.9	10.28	389,375	0.8	10.36
11.01–12.00	1,029,417	3.4	11.59	258,784	3.4	11.59
12.01–13.00	6,800	3.4	12.50	6,800	3.4	12.50
13.01–14.00	998,681	4.2	13.80	-	-	-
14.01–15.00	44,000	3.1	14.93	44,000	3.1	14.93
15.01–16.00	10,000	4.1	15.21	-	-	-
17.01–18.00	299,400	4.6	17.89	53,150	4.2	17.63
18.01–19.00	85,000	3.9	18.49	21,250	3.9	18.49
19.01–20.00	83,800	5.7	19.83	68,800	6.0	20.00
20.01–21.00	13,000	4.4	20.01	-	-	-
21.01–22.00	4,000	4.6	21.75	4,000	4.6	21.75
23.01–24.00	36,000	6.6	23.67	36,000	6.6	23.67
24.01–25.00	26,656	5.3	25.00	26,656	5.3	25.00
26.01–27.00	6,000	6.2	26.25	6,000	6.2	26.25
	4,732,649	3.1	11.31	1,514,835	2.5	10.88

The weighted average expected life of these options is between one and eight years depending upon the life of the option. The estimated fair value of the options is expensed over the options' vesting period of three or four years.

	2010	2009	2008
Risk-free interest rate	**2%**	2%	3%
Volatility	**60%**	56%	53%
Dividend	**0.43%**	1.00%	1.00%
Weighted average expected life of options issued (years)	**3.95**	4.4	4.2
Weighted average grant-date fair value (C$ per share)	**6.54**	4.94	2.45

(f) Share bonus plan

The Company has a share bonus plan for employees and directors with a maximum allotment of 600,000 common shares. As of December 31, 2010, 331,554 shares remained in reserve.

Directors

Independent directors receive 500 shares on a quarterly basis from the share bonus plan reserve. The shares vest immediately and have no restrictions upon issue.

Executive officers and senior employees

Executive officers and certain senior employees were granted deferred shares from the share bonus plan in 2007. The shares vest equally over three years, have no restrictions upon vesting and are equity settled. There are no cash alternatives and no vesting conditions other than service. There have been no grants of shares to employees subsequent to 2007 from the share bonus plan.

A summary of the status of the Company's share bonus plan and changes during the year is presented below.

Years ended December 31	**2010**	2009	2008
	Number	Number	Number
Outstanding, beginning of year	**37,500**	86,652	137,801
Granted	**16,000**	18,000	20,000
Issued	**(41,000)**	(64,152)	(71,149)
Forfeited	**-**	(3,000)	-
Outstanding, end of year	**12,500**	37,500	86,652

(g) Deferred share plan

On April 11, 2007, the Company initiated a deferred share plan for employees with a maximum allotment of 500,000 common shares. As of December 31, 2010, 436,915 shares remained in reserve.

Summary of plan

Executive officers and certain senior employees are granted shares from the deferred share plan on an annual basis. The shares vest equally over three or four years, have no restrictions upon vesting and are equity settled. There are no cash alternatives and no vesting conditions other than service.

Deferred shares are granted to executive officers based on performance objectives and criteria determined on an annual basis based on guidelines established by the Compensation Committee of the Board of Directors. The amount of shares granted is determined as part of the executives' overall compensation.

A summary of the status of the Company's deferred share plan and changes during the year is presented below.

Years ended December 31	**2010**	2009	2008
	Number	Number	Number
Outstanding, beginning of year	**95,125**	127,000	-
Granted	**75,000**	10,000	135,000
Issued	**(31,708)**	(31,375)	-
Forfeited	**(1,000)**	(10,500)	(8,000)
Outstanding, end of year	**137,417**	95,125	127,000

(h) Share purchase plan

The Company has a share purchase plan whereby the Company matches 75% of the first 5% of salary of employee contribution towards the purchase of shares on the open market. No shares are issued from treasury under this plan. Some shares purchased on the market were not distributed to employees because of termination or resignation by the distribution date. In 2010, the Company sold back these shares into the market, resulting in a gain of $451,000 accounted for in contributed surplus.

(i) Stock-based compensation

The Company expenses the fair value of all stock-based compensation granted.

Years ended December 31	2010	2009	2008
	$	$	$
Share options	7,119	5,326	3,504
Share bonus plan	323	499	263
Deferred share plan	247	255	268
	7,689	6,080	4,035

(j) Earnings per share

Basic earnings (loss) per share computation

Years ended December 31	2010	2009	2008
	$	$	$
Numerator:			
Net earnings (loss)	279,793	114,123	(9,916)
Denominator:	Number	Number	Number
Weighted average common shares outstanding	371,391,919	352,755,443	295,430,161
	$/share	$/share	$/share
Basic earnings (loss) per share	0.75	0.32	(0.03)

Diluted earnings (loss) per share computation

Years ended December 31	2010	2009	2008
	$	$	$
Numerator:			
Net earnings (loss)	279,793	114,123	(9,916)
Denominator:	Number	Number	Number
Weighted average common shares outstanding	371,391,919	352,755,443	295,430,161
Dilutive effect of employee share options	1,777,066	1,745,438	-
Dilutive effect of share bonus plan and employee deferred share plan	86,219	130,289	-
Total average common shares outstanding	373,255,204	354,631,170	295,430,161
	$/share	$/share	$/share
Diluted earnings (loss) per share	0.75	0.32	(0.03)

Equity instruments excluded from the computation of diluted earnings per share which could be dilutive in the future were as follows:

Years ended December 31	2010	2009	2008
	Number	Number	Number
Share options	**553,856**	294,856	6,510,807
Warrants	**-**	160,000	-
	553,856	454,856	6,510,807

22. CAPITAL DISCLOSURES

IAMGOLD's objectives when managing capital are:

- To ensure the Company has sufficient financial capacity to support its operations, current mine development plans and long-term growth strategy;
- To provide a superior return to shareholders;
- To ensure the Company complies with its credit facility covenants; and
- To protect the Company's value with respect to market and risk fluctuations.

The Company's capital items are the following:

At December 31	2010	2009
	$	$
Cash and cash equivalents	**270,779**	191,374
Gold bullion (market value $140,551; December 31, 2009 – $108,749)	**40,411**	40,408
Credit facility	**-**	-
Common shares	**2,255,875**	2,203,269

The Company's capital structure reflects the requirements of a company focused on growth in a capital intensive industry that experiences lengthy development lead times as well as risks associated with capital costs and timing of project completion. Factors affecting these risks, which are beyond the Company's control, include the availability of resources, the issuance of necessary permits, costs of various inputs and the volatility of the gold price.

The adequacy of the Company's capital structure is assessed on an ongoing basis and adjusted as necessary after taking into consideration the Company's strategy, the forward gold and niobium prices, the mining industry, economic conditions and the associated risks. In order to maintain or adjust its capital structure, the Company may adjust its capital spending, adjust the amount of dividend distributions, issue new shares, purchase shares for cancellation pursuant to normal course issuer bids, extend its credit facility, issue new debt, repay existing debt or sell gold bullion. There were no changes in the Company's approach to capital management during the year.

The Company's capital structure was modified during 2010 in support of the Company's growth objectives. On March 25, 2010, the Company increased its $140,000,000 secured revolving credit facility to a $350,000,000 unsecured revolving credit facility (note 17). As at December 31, 2010, no funds were drawn against this credit facility. In addition, on April 23, 2010, the Company entered into a $50,000,000 revolving facility for the issuance of letters of credit. The Company has complied with its credit facility covenants.

As disclosed in note 21, the Company issued flow-through shares in 2010 with gross proceeds of C$41,500,000 to fund prescribed resource expenditures on the Westwood project. The Company's warrants were also exercised in August 2010, resulting in the issuance of 160,000 shares for gross proceeds of C$2,366,000.

The Company has declared a 2010 annual dividend payment of $0.08 per share payable on January 14, 2011, totaling $29,828,000 (2009 – $0.06 per share payable on January 12, 2010 for $22,133,000). The Company also reported that, in future, it plans to pay its dividend semi-annually.

23. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

	Cumulative Translation Adjustment	Unrealized Gain (Loss) on Marketable Securities	Income Tax Impact	Accumulated Other Comprehensive Income (Loss)
	$	$	$	$
Balance as at December 31, 2007	25,047	(909)	81	24,219
Change in 2008	(80,606)	(5,749)	908	(85,447)
Balance as at December 31, 2008	(55,559)	(6,658)	989	(61,228)
Change in 2009	103,040	24,610	(3,758)	123,892
Balance as at December 31, 2009	**47,481**	**17,952**	**(2,769)**	**62,664**
Change in 2010	**35,107**	**22,060**	**(2,364)**	**54,803**
Balance as at December 31, 2010	**82,588**	**40,012**	**(5,133)**	**117,467**

24. IMPAIRMENT CHARGES

Years ended December 31	**2010**	2009	2008
	$	$	$
Camp Caiman project – Exploration and development assets and goodwill	**-**	88,814	-
Buckreef – Exploration and development assets and goodwill	**-**	9,255	111,582
Kitongo – Exploration and development assets and goodwill	**-**	-	5,336
Nyangombe – Exploration and development assets and goodwill	**-**	-	1,896
Magistral gold property – Goodwill on gold royalty	**-**	-	2,772
Other exploration properties – Goodwill	**-**	-	2,470
Other – Exploration and development assets	**-**	-	5,805
	-	98,069	129,861
Impairment of exploration and development assets	**-**	73,967	97,034
Impairment of goodwill	**-**	28,239	32,827
Reversal of a long-term liability	**-**	(4,137)	-
	-	98,069	129,861

There was no impairment charge in 2010. Impairment charges accounted for in 2009 and 2008 are explained as follows:

(a) Camp Caiman, French Guiana

In June 2009, the French authorities published a draft mining framework identifying the Camp Caiman project location as an excluded zone for mining. At the end of 2009, there was no definitive progress towards a final framework and no assurance that the final framework would permit the development of the Camp Caiman project. The results of the January 10, 2010 referendum, in which French Guiana rejected greater autonomy from France, supported the Company's view that it was appropriate to record a non-cash impairment in 2009 of $88,814,000 for the net carrying value of the project, including $28,239,000 for goodwill. As part of the impairment charge, the Company eliminated the balance payable of the purchase price for the Camp Caiman project of $4,137,000 assumed on acquisition of Cambior in 2006. This balance was interest-free and was payable within 120 days of the commencement of commercial production.

(b) Buckreef project and other Tanzanian exploration sites

As a result of estimated capital costs for the Buckreef project mine development being significantly higher than anticipated, an impairment charge of $111,582,000 was recorded in 2008, including a goodwill impairment of $25,668,000. Other Tanzanian exploration sites were also impaired in 2008 for $9,532,000, including goodwill impairment of $4,217,000.

In 2009, in consultation with the Tanzanian government, the Company took steps to terminate the Buckreef joint venture agreement. Transactions contemplated for the sale of the Buckreef project did not meet the Company's valuation criteria and the Company elected to relinquish the associated properties. This decision resulted in a 2009 impairment charge of $9,255,000 related to the Buckreef acquisition costs and exploration properties in Tanzania.

(c) Magistral gold property, Mexico

In 2008, a goodwill impairment of $2,772,000 was accounted for in respect of the goodwill of the Magistral Gold Royalty property in Mexico, which has not yielded the production that was expected on acquisition.

(d) Other exploration properties

An impairment of $5,975,000 in 2008, including goodwill impairment of $170,000, was accounted for in respect of exploration and development projects in Botswana and Peru which have shown unsuccessful results.

25. NET INTEREST EXPENSE (INCOME)

Years ended December 31	**2010**	2009	2008
	$	$	$
Interest expense on credit facility	**324**	639	380
Credit facility fees	**3,356**	851	478
Other	**85**	50	26
	3,765	1,540	884
Less: Interest on debt capitalized	**-**	-	(209)
Total interest expense	**3,765**	1,540	675
Interest income on cash and cash equivalents	**(157)**	(790)	(1,735)
Other interest income	**(51)**	(70)	(637)
Total interest income	**(208)**	(860)	(2,372)
Net interest expense (income)	**3,557**	680	(1,697)

26. DERIVATIVE LOSS (GAIN)

Years ended December 31	Note	2010	2009	2008
Unrealized change in fair value of:		**$**	$	$
Derivative gold options and forward instruments	15	**11,831**	1,643	2,107
Derivative – Currency contracts	15	**-**	(573)	573
Derivative – Heating oil option and swap contracts	15	**1,093**	(1,896)	803
Derivative – Aluminum contracts	15	**186**	(186)	-
Embedded derivative in gold receivable		**-**	-	(285)
Other (warrants held as investments and embedded derivatives)		**(3,611)**	(5,119)	1,143
Unrealized derivative loss (gain)		**9,499**	(6,131)	4,341
Realized loss (gain) on:				
Derivative – Gold contracts	15	**902**	-	-
Derivative – Currency contracts	15	**3,085**	(2,890)	-
Derivative – Heating oil contracts	15	**(146)**	1,974	-
Derivative – Aluminum contracts	15	**(79)**	-	-
Realized derivative loss (gain)		**3,762**	(916)	-
Derivative loss (gain)		**13,261**	(7,047)	4,341

27. OTHER EXPENSE (INCOME), NET

Years ended December 31	2010	2009	2008
	$	$	$
Gain on sale of marketable securities	**(21,042)**	(2,473)	-
Impairment of marketable securities	**-**	4,579	789
Gain on sale of assets	**(4,150)**	(1,878)	(4,773)
Severance costs	**52**	2,210	4,854
Other	**779**	(634)	640
	(24,361)	1,804	1,510

28. INFORMATION RELATED TO CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended December 31	2010	2009	2008
	$	$	$
Interest paid	**2,686**	1,350	339
Income and mining taxes paid	**114,300**	29,022	42,420

29. COMMITMENTS AND CONTINGENCIES

(a) Royalty expenses

Production from certain mining operations is subject to third party royalties (included in mining costs) based on various methods of calculation summarized as follows:

Years ended December 31	**2010**	2009	2008
	$	$	$
Rosebel[(1)]	**26,363**	18,356	29,458
Essakane[(2)]	**4,538**	-	-
Doyon[(3)]	**-**	-	4,613
Mouska[(4)]	**966**	1,102	1,006
Sleeping Giant[(5)]	**-**	-	398
Mupane[(6)]	**3,336**	2,792	4,344
Sadiola[(7)]	**8,601**	7,795	9,025
Yatela[(7)]	**4,233**	5,254	3,464
Total included in mining costs	**48,037**	35,299	52,308

(1) 2% in-kind royalty per ounce of gold production and price participation of 6.5% on the amount exceeding a market price of $425 per ounce when applicable, using for each calendar quarter the average of the market prices determined by the London Bullion Market, P.M. Fix.

0.25% of all minerals produced at Rosebel payable to a charitable foundation for the purpose of promoting local development of natural resources within Suriname.

10% of the excess, if any, of the average quarterly market price above $300 per ounce for gold production from the soft and transitional rock portions and above $350 per ounce from the hard rock portion of the Rosebel property, after commencement of commercial production, and in each case, after deducting a fixed royalty of 2% of production paid in-kind, up to a maximum of 7,000,000 ounces produced. In 2008, IAMGOLD acquired 84.55% of outstanding shares of EURO Ressources, the owner of this participation right royalty. The resulting mining asset is being depreciated over the reserves and resources of the Rosebel mine.

(2) In 2010, 3% of gold sold applied to the gold market price the day before shipment.

Starting January 1, 2011, the royalty is calculated using a percentage of gold sold applied to the gold market price the day before shipment; the royalty percentage varies according to the gold market price: 3% if the gold market price is lower or equal to $1,000 per ounce, 4% if the gold market price is between $1,000 and $1,300 per ounce, or 5% if the gold market price is above $1,300 per ounce.

(3) 24.75% of any excess of the annual average market price over $375 per ounce of gold produced. In July 2008, the Company acquired the participation royalty for the Doyon/Westwood property for a cash consideration of $13,050,000. The payment was accounted for as a reduction of accrued liabilities for royalty expenses of $4,574,000 incurred during the first half of 2008, and as an increase of mining assets for $8,476,000. This mining asset will be depreciated over the reserves and resources of the Doyon mine (closed in December 2009) and Westwood project (beginning of commercial production planned for early 2013).

(4) Two royalties of 0.2% and 2.0% respectively of gold production.

(5) A royalty of 2% of gross operating profit and another royalty of 15% of net operating profit for the other taking into consideration cumulative capital investment and restoration expenses. The Sleeping Giant mine ceased its activities in 2008 after depletion of its reserves and has subsequently been sold by the Company.

(6) Royalty of 5% of revenues based on market prices at date of shipment.

(7) A royalty of 3% of revenue and a royalty of 3% of the net amount of sales less refining and treatment charges.

The Company is also subject to a royalty of 3% of the net amount of sales less refining and treatment charges related to its working interests (Tarkwa and Damang mines). These royalty expenses totaling $6,689,000 in 2010 (2009 – $4,785,000; 2008 – $4,097,000) are included in earnings from working interests in the consolidated statement of earnings. The Ghanaian government confirmed that the royalty rate will increase to 5% effective in March 2011.

(b) Management fees

Years ended December 31	**2010**	2009	2008
	$	$	$
Joint ventures:			
Sadiola (1% of revenues)	**1,435**	1,301	1,505
Yatela (1% of revenues)	**706**	876	578
Included in mining costs	**2,141**	2,177	2,083
Working interests:			
Tarkwa (2.5% of revenues)	**4,247**	3,064	2,600
Damang (fixed amount)	**284**	284	284
Included in earnings from working interests	**4,531**	3,348	2,884
Total management fees	**6,672**	5,525	4,967

(c) Operating contractual obligations

	Payments Due by Period				
At December 31, 2010	**Total**	**Less than 1 Year**	**2–3 Years**	**4–5 Years**	**After 5 Years**
	$	$	$	$	$
Capital commitments	32,152	32,152	-	-	-
Purchase obligations	41,180	41,180	-	-	-
Operating leases	5,869	1,862	2,578	1,097	332

Capital commitments relate to contractual commitments to complete facilities at some of the Company's mines. Purchase obligations relate to agreements to purchase goods and services that are enforceable and legally binding on the Company. Operating leases refer to total payment obligations related to operating lease agreements.

(d) Claims

The Company is subject to various claims, legal proceedings, potential claims and complaints arising in the normal course of business. The Company is also subject to the possibility of new income and mining tax assessments for some years. The Company does not believe that unfavourable decisions in any pending procedures or threat of procedures related to any future assessment or any amount it might be required to pay will entail a material adverse effect on the Company's financial condition. No amounts have been accrued in the financial statements.

(e) Camp Caiman project

During the first quarter of 2008, the French government indicated that it would not be allowing the Camp Caiman project to proceed, and the Company responded by instituting two separate court proceedings in the second half of 2009 at the Administrative Tribunal of French Guiana, the first of which contests the legality of the French government's decision and the second of which seeks compensation in the amount of €275,000,000 for damages resulting from that decision.

In response to a decision released by the Administrative Tribunal on May 27, 2010 in the first proceeding, which cancelled the government's decision to deny a mining permit for the Camp Caiman project and ordered the government to issue a new decision on the Company's application for such permit, the French government, acting through the Prefect of French Guiana, released a new decision on August 26, 2010, which again denied a mining permit for the Camp Caiman project and relied on far more detailed environmental reasons than those contained in the cancelled decision in support of its conclusions.

The Company filed an appeal of this new decision on October 26, 2010 with the assistance of environmental experts and also filed additional materials on March 8, 2011 in connection with the second proceeding dealing with the €275,000,000 compensation claim in response to materials which the Prefect filed on August 13, 2010 in that matter. No amounts have been accrued in the financial statements. In 2009, the Company recorded a non-cash impairment of $88,814,000 for the net carrying value of the project, including $28,239,000 for goodwill.

(f) Quimsacocha project in Ecuador

In November 2009, detailed mining and environmental regulations relating to the Ecuadorian mining law passed in February 2009 were completed and approved by President Correa. In 2010, the Company has obtained the requisite permits that allow the use of reservoir water for exploration and feasibility work at the Quimsacocha project in Ecuador. The Company maintains regular contact and dialogue with senior government officials in order to obtain needed clarity on fiscal and other matters. A model mining contract, which is expected to clarify some of these issues, is being developed by the Ecuadorian government.

Assessment of the project's financial viability continues as the Company works to clarify key fiscal and other applicable dimensions. The carrying value of the Quimsacocha project included in exploration and development capitalized assets was $26,771,000 at December 31, 2010.

30. RELATED PARTY TRANSACTIONS

There were no material related party transactions in 2010, 2009 and 2008.

31. Segmented Information

The Company's gold mine segment is divided into geographic segments, as follows:

- Suriname:
  - Rosebel mine
- Burkina Faso:
  - Essakane mine
- Canada:
  - Doyon division including the Doyon mine closed in December 2009, the Mouska mine and the Westwood project
  - Sleeping Giant mine closed in October 2008
- Botswana:
  - Mupane mine
- Mali:
  - Joint venture in the Sadiola mine; on December 29, 2009, the Company purchased an additional 3% interest increasing the Sadiola joint venture ownership interest to 41% (note 4(d))
  - Joint venture in the Yatela mine (40%)
- Ghana:
  - Working interests in the Tarkwa mine (18.9%)
  - Working interests in the Damang mine (18.9%)

The Company's segments also include non-gold activities for the Niobec mine located in Canada, Exploration and development, and Corporate, which also includes royalty interests.

The Essakane mine in Burkina Faso which began production on July 16, 2010, previously included in the Exploration and development segment, was reclassified in the gold mine segment in 2010. Comparative figures of 2009 and 2008 have been restated accordingly.

Year ended December 31, 2010

	Gold Mines						
	Suriname	Burkina Faso	Canada	Botswana	Mali	Ghana	Total
	$	$	$	$	$	$	$
Revenues	517,406	154,574	45,943	70,173	214,082	-	1,002,178
Depreciation, depletion and amortization	51,581	22,395	68	13,654	13,691	-	101,389
Earnings from working interests	-	-	-	-	-	56,496	56,496
Exploration and development expenses	300	1,078	4,450	140	2,415	-	8,383
Net interest expense (income)	-	-	340	-	-	-	340
Other expense (income)	(1,196)	-	-	-	877	-	(319)
Net earnings (loss)	172,280	68,744	(8,150)	(10,032)	44,914	56,496	324,252
Expenditure for mining assets and capitalized exploration and development	51,642	128,326	103,270	3,557	10,895	-	297,690
Increase (decrease) to goodwill	-	-	4,741	-	-	-	4,741
At December 31, 2010:							
Working interest, royalty interest, mining assets, exploration and development, and other intangible assets	427,106	706,289	390,904	21,567	30,944	186,963	1,763,773
Total assets	727,577	867,820	514,732	52,866	144,082	246,122	2,553,199

	Total Gold Mines	Niobium	Exploration and Development	Corporate	Total
	$	$	$	$	$
Revenues	1,002,178	158,654	-	6,413	1,167,245
Depreciation, depletion and amortization	101,389	20,828	258	10,218	132,693
Earnings from working interests	56,496	-	-	-	56,496
Exploration and development expenses	8,383	-	37,642	-	46,025
Net interest expense (income)	340	52	(16)	3,181	3,557
Other expense (income)	(319)	(313)	(4,352)	(19,377)	(24,361)
Net earnings (loss)	324,252	39,091	(2,377)	(81,173)	279,793
Expenditure for mining assets and capitalized exploration and development	297,690	65,867	8,569	-	372,126
Increase (decrease) to goodwill	4,741	-	(3,971)	-	770
At December 31, 2010:					
Working interests, royalty interest, mining assets, exploration and development, and other intangible assets	1,763,773	416,122	98,358	96,839	2,375,092
Total assets	2,553,199	461,029	110,229	370,490	3,494,947

Year ended December 31, 2009

	Gold Mines						
	Suriname	Burkina Faso	Canada	Botswana	Mali	Ghana	Total
	$	$	$	$	$	$	$
Revenues	374,637	-	112,715	45,090	217,675	-	750,117
Depreciation, depletion and amortization	52,043	-	21,161	14,757	26,167	-	114,128
Earnings from working interests	-	(491)	-	-	-	36,527	36,036
Exploration and development expenses	711	-	3,813	67	2,251	-	6,842
Net interest expense (income)	-	-	211	-	-	-	211
Net earnings (loss)	103,319	581	11,454	(9,771)	60,613	36,527	202,723
Expenditure for mining assets and capitalized exploration and development	70,104	249,331	82,430	3,898	5,461	-	411,224
Increase (decrease) to goodwill	-	-	13,892	-	-	-	13,892
At December 31, 2009:							
Working interest, royalty interest, mining assets, exploration and development, and other intangible assets	426,812	596,630	282,532	29,445	27,252	173,279	1,535,950
Total assets	661,769	631,058	404,640	54,866	182,901	232,438	2,167,672

	Total Gold Mines	Niobium	Exploration and Development	Corporate	Total
	$	$	$	$	$
Revenues	750,117	159,332	-	4,890	914,339
Depreciation, depletion and amortization	114,128	24,973	1,758	12,988	153,847
Earnings from working interests	36,036	-	-	-	36,036
Exploration and development expenses	6,842	-	32,920	-	39,762
Impairment charges	-	-	98,069	-	98,069
Net interest expense (income)	211	38	-	431	680
Other expense (income)	-	-	802	1,002	1,804
Net earnings (loss)	202,723	49,653	(132,536)	(5,717)	114,123
Expenditure for mining assets and capitalized exploration and development	411,224	26,299	15,041	-	452,564
Increase (decrease) to goodwill	13,892	-	(29,559)	7,625	(8,042)
At December 31, 2009:					
Working interests, royalty interest, mining assets, exploration and development, and other intangible assets	1,535,950	351,485	57,081	105,250	2,049,766
Total assets	2,167,672	394,422	72,451	362,244	2,996,789

Year ended December 31, 2008

	Gold Mines						
	Suriname	Burkina Faso	Canada	Botswana	Mali	Ghana	Total
	$	$	$	$	$	$	$
Revenues	281,729	-	167,078	62,129	208,338	-	719,274
Depreciation, depletion and amortization	42,299	-	50,712	15,233	24,996	-	133,240
Earnings from working interests	-	-	-	-	-	24,273	24,273
Exploration and development expenses	5,130	-	5,667	13	1,751	-	12,561
Other expense (income)	(4,420)	-	2,314	-	5,440	-	3,334
Net earnings	45,391	-	19,951	10,997	40,954	24,273	141,566
Expenditure for mining assets and capitalized exploration and development	85,079	-	36,057	2,184	13,324	-	136,644
Increase (decrease) to goodwill	-	-	(8,972)	-	-	-	(8,972)

	Total Gold Mines	Niobium	Exploration and Development	Corporate	Total
	$	$	$	$	$
Revenues	719,274	143,134	-	7,228	869,636
Depreciation, depletion and amortization	133,240	27,235	1,044	8,110	169,629
Earnings from working interests	24,273	-	-	-	24,273
Exploration and development expenses	12,561	-	18,551	2,516	33,628
Impairment charges	-	-	127,089	2,772	129,861
Net interest expense (income)	-	25	-	(1,722)	(1,697)
Other expense (income)	3,334	-	2,113	(3,937)	1,510
Net earnings (loss)	141,566	49,356	(136,472)	(64,366)	(9,916)
Expenditure for mining assets and capitalized exploration and development	136,644	22,862	9,813	-	169,319
Increase (decrease) to goodwill	(8,972)	-	(30,055)	19,425	(19,602)

32. JOINT VENTURES

The following amounts represent the Company's proportionate interest in the joint ventures of the:

- Sadiola mine: On December 29, 2009, the Company purchased an additional 3% interest, increasing the Sadiola joint venture ownership interest to 41% (note 4(d)), and
- Yatela mine (40%).

In 2010, the Company's share of mining asset additions in the Company's joint ventures was $10,895,000 (2009 – $5,461,000; 2008 – $13,324,000).

At December 31	2010	2009
	$	$
Current assets	67,160	112,333
Long-term assets	76,922	70,568
	144,082	182,901
Current liabilities	35,277	30,911
Long-term liabilities	16,620	16,964
	51,897	47,875

Years ended December 31	2010	2009	2008
	$	$	$
Revenues	214,082	217,675	208,338
Expenses (including income taxes)	169,168	157,062	167,384
Net earnings	44,914	60,613	40,954
Cash flows from operating activities	60,928	81,483	32,244
Cash flows used in investing activities	(10,772)	(7,780)	(22,071)

IAMGOLD CORPORATION

2010 MINERAL RESERVES AND RESOURCES

GOLD MINERAL RESERVES

100% BASIS

As at December 31, 2010	PROVEN			PROBABLE		
	Tonnes (000)	Grade (g/t)	Contained Ounces (000)	Tonnes (000)	Grade (g/t)	Contained Ounces (000)
Rosebel	101,070	1.1	3,493	79,972	1.1	2,709
Doyon Division	66	14.7	31	109	11.9	42
Mupane	1,283	1.6	64	1,172	1.9	72
Sadiola	5,683	3.0	540	86,022	1.8	5,065
Yatela	702	0.8	18	3,089	1.8	177
Tarkwa[(1)]	136,900	1.3	5,692	107,300	1.2	4,165
Damang[(1)]	2,843	1.6	146	39,016	1.6	1,977
Essakane	—	—	—	107,465	1.3	4,461
Quimsacocha	—	—	—	8,098	6.5	1,682
Total Proven Reserves	248,547	1.2	9,984			
Total Probable Reserves	432,243	1.5	20,350			
Total Proven and Probable Reserves	680,790	1.4	30,334			

ATTRIBUTABLE RESERVES

As at December 31, 2010	PROVEN			PROBABLE		
	Tonnes (000)	Grade (g/t)	Contained Ounces (000)	Tonnes (000)	Grade (g/t)	Contained Ounces (000)
Rosebel (95%)	96,017	1.1	3,318	75,973	1.1	2,574
Doyon Division (100%)	66	14.7	31	109	11.9	42
Mupane (85–100%)	1,283	1.6	64	1,070	1.9	66
Sadiola (41%)	2,330	3.0	221	35,269	1.8	2,076
Yatela (40%)	281	0.8	7	1,236	1.8	71
Tarkwa (18.9%)[(1)]	25,874	1.3	1,076	20,280	1.2	787
Damang (18.9%)[(1)]	537	1.6	28	7,374	1.6	373
Essakane (90%)	—	—	—	96,719	1.3	4,015
Quimsacocha (100%)	—	—	—	8,098	6.5	1,682
Total Proven Reserves	126,388	1.2	4,745			
Total Probable Reserves	246,128	1.5	11,686			
Total Proven and Probable Reserves	372,516	1.4	16,431			

(1) Tarkwa and Damang reserves have been calculated as at June 30, 2010.

GOLD MINERAL RESOURCES

(Inclusive of mineral reserves)

100% BASIS

As at December 31, 2010	Measured			Indicated			Inferred		
	Tonnes (000)	Grade (g/t)	Contained Ounces (000)	Tonnes (000)	Grade (g/t)	Contained Ounces (000)	Tonnes (000)	Grade (g/t)	Contained Ounces (000)
Rosebel	151,110	1.0	4,865	93,114	1.0	3,062	18,487	1.1	641
Doyon Division	391	6.0	75	1,217	5.0	197	2,960	5.6	529
Mupane	1,795	2.0	118	1,683	2.4	127	926	2.6	78
Sadiola	23,420	1.4	1,051	130,088	1.8	7,438	44,558	1.7	2,419
Yatela	2,233	0.9	64	3,806	2.1	258	2,048	1.9	123
Tarkwa[1]	128,500	1.5	6,040	173,400	1.2	6,705	26,000	3.1	2,569
Damang[1]	4,941	1.5	243	58,955	1.6	3,100	12,651	3.4	1,378
Essakane	—	—	—	122,067	1.2	4,834	41,200	1.3	1,670
Westwood	—	—	—	719	11.6	269	9,700	11.1	3,467
Quimsacocha	—	—	—	9,935	6.6	2,107	299	6.3	61
Total Measured Resources	312,390	1.2	12,456						
Total Indicated Resources	594,984	1.5	28,097						
Total Measured and Indicated Resources	907,374	1.4	40,553						
Total Inferred Resources	158,829	2.5	12,935						

ATTRIBUTABLE RESOURCES

As at December 31, 2010	Measured			Indicated			Inferred		
	Tonnes (000)	Grade (g/t)	Contained Ounces (000)	Tonnes (000)	Grade (g/t)	Contained Ounces (000)	Tonnes (000)	Grade (g/t)	Contained Ounces (000)
Rosebel (95%)	143,555	1.0	4,622	88,458	1.0	2,909	17,563	1.1	609
Doyon Division (100%)	391	6.0	75	1,217	5.0	197	2,960	5.6	529
Mupane (85–100%)	1,795	2.0	118	1,573	2.4	120	916	2.6	77
Sadiola (41%)	9,602	1.4	431	53,336	1.8	3,050	18,269	1.7	991
Yatela (40%)	893	0.9	26	1,522	2.1	103	819	1.9	49
Tarkwa (18.9%)[(1)]	24,287	1.5	1,142	32,773	1.2	1,267	4,914	3.1	486
Damang (18.9%)[(1)]	934	1.5	46	11,142	1.6	586	2,391	3.4	260
Essakane (90%)	—	—	—	109,861	1.2	4,351	37,080	1.3	1,503
Westwood (100%)	—	—	—	719	11.6	269	9,700	11.1	3,467
Quimsacocha (100%)	—	—	—	9,935	6.6	2,107	299	6.3	61
Total Measured Resources	181,457	1.1	6,460						
Total Indicated Resources	310,536	1.5	14,959						
Total Measured and Indicated Resources	491,993	1.4	21,419						
Total Inferred Resources	94,911	2.6	8,032						

(1) Tarkwa and Damang resources have been calculated as at June 30, 2010.

NIOBIUM MINERAL RESERVES AND RESOURCES

(Measured and indicated resources are inclusive of reserves)

As at December 31, 2010	Tonnes (000)	Grade % Nb_2O_5	Contained Nb_2O_5 (million kilograms)
Niobec (100%)			
Proven Reserves	16,571	0.54	90.0
Probable Reserves	29,145	0.53	153.8
Proven and Probable Reserves	45,716	0.53	243.8
Measured Resources	16,571	0.54	90.0
Indicated Resources	29,145	0.53	153.8
Measured and Indicated Resources	45,716	0.53	243.8
Inferred Resources	59,672	0.53	316.3

Mineral resources ("resources") and mineral reserves ("reserves") have been estimated as at December 31, 2010 pursuant to Canadian securities regulatory requirements, specifically, the requirements of National Instrument 43-101 and the definitions of resources and reserves incorporated therein. Consistent with National Instrument 43-101, resources are divided into "inferred", "indicated" and "measured", based on the level of geological confidence in the mineralization, and reserves, into "probable" and "proven", upon at least a pre-feasibility study having been undertaken on the indicated and measured resources. Measured and indicated resources are inclusive of proven and probable reserves. Mineral resources that are not mineral reserves do not have demonstrated economic viability and are not guaranteed to have economic viability. Inferred resources are too speculative geologically to have any economic considerations applied to them that would allow a translation into reserves. Please note that United States securities regulatory requirements permit only the disclosure of those mineral deposits that can be economically and legally mined, similar to the Canadian use of the term reserves, and apply different standards to the determination of reserves. With respect to IAMGOLD's disclosure pursuant to United States laws, investors are urged to consult the Company's Annual Report on Form 40-F filed with the United States Securities and Exchange Commission.

The estimations, calculations and all other technical information provided in this Annual Report have been prepared under the supervision of Réjean Sirois, Manager, Mining Geology. For information relating to gold price, exchange rates, cut-off grades, metallurgical recoveries and other key assumptions, parameters and methods used in the calculation of resources and reserves and data verification procedures used in collecting, compiling, interpreting and processing the data used to estimate resources and reserves, please see the Company's most recent Annual Information Form/Form 40-F on file with Canadian securities regulatory authorities and the United States Securities and Exchange Commission.

IAMGOLD
CORPORATION

IAMGOLD Corporation

401 Bay Street, Suite 3200, P.O. Box 153
Toronto, Ontario, Canada M5H 2Y4
Toll Free: 1 888 IMG 9999
www.iamgold.com

To view a graph of IAMGOLD's performance over the last five years, scan this QR code with a smart phone or other enabled device, or go to www.iamgold.com