



IAMSOUTHAMERICA, IAMAFRICA, IAMNORTHAMERICA

IAMGOLD

Annual Report 2006





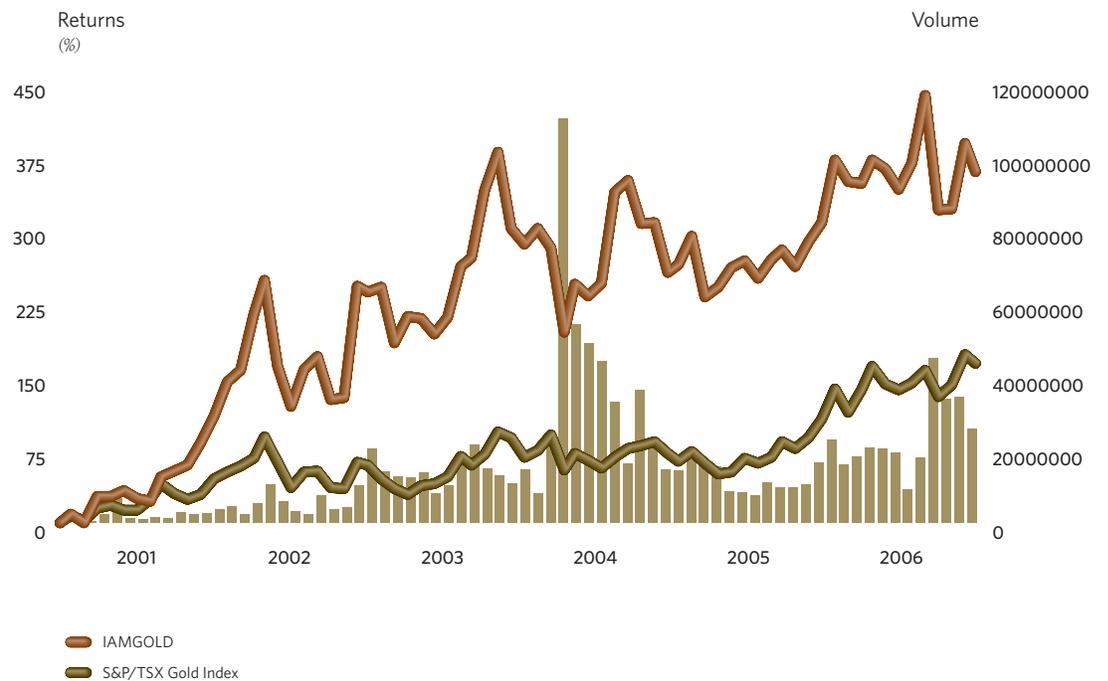
IAMGLOBAL

In 2006, we achieved our objective of becoming a leading global gold producer. Our mining interests in North and South America and Africa will produce over one million ounces in 2007, making us one of the world's largest publicly traded primary gold mining companies.



Cover Photo An ore sample from Mouska Mine in the Doyon Division, Abitibi, Quebec.

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2006 HIGHLIGHTS

- Reported record earnings of \$0.39/share.
- Increased cash position by 57%.
- Increased operating cash flow by 122%.
- More than doubled reserves and resources.
- Increased gold production by 43% over 2005.
- Completed the acquisitions of Gallery Gold Limited and Cambior Inc. for a total acquisition price of \$1.3 billion.

(\$ millions except per share data)

	2006	2005
Cash & bullion	\$ 173.4	\$ 110.2
Total assets	\$ 2,278.7	\$ 469.0
Net earnings	\$ 72.5	\$ 20.5
Operating cash flow	\$ 64.0	\$ 28.8
Per share:		
Net earnings	\$ 0.39	\$ 0.14
Dividend	\$ 0.06	\$ 0.06
Gold production, IAMGOLD share (ounces)	642,000	447,000
Cash cost per ounce*	\$ 322	\$ 276
Average realized gold price (\$/oz.)	\$ 607	\$ 446

* A non-GAAP measure, calculated in accordance with the Gold Institute Standard. See page 60.

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

The year 2006 was a significant one for IAMGOLD, and we are pleased with the accomplishments.

We completed two acquisitions, Gallery Gold Limited in March, and Cambior Inc. in November, for a total acquisition price of \$1.3 billion. As a result, we now have interests in eight producing gold mines, and IAMGOLD has become the tenth largest publicly traded primary gold producer in the world. Our goal of joining the ranks of the million ounce producers by 2008 will be achieved a year early, in 2007. Our reserves have increased by over 110% and total measured and indicated resources including reserves have also doubled to reach approximately 20 million ounces.

In 2006 our share of gold production exceeded 640,000 ounces, 15% ahead of our initial forecasts and 43% higher than in 2005.

We expanded our senior management team and strengthened our skills in operations, exploration, project development, environment, health, safety, human resources and community relations. IAMGOLD, once a junior exploration company, has grown to become a significant mine operator with a burgeoning pipeline of promising development and advanced exploration projects.

During 2006 we continued to advance our Quimsacocha project in Ecuador and Buckreef project in Tanzania closer to production decisions. The Cambior acquisition brought other promising projects into the IAMGOLD fold such as Camp Caiman in French Guiana and La Arena in Peru. We are also extremely encouraged by the drilling results announced early in the first quarter at 2007 from the Westwood-Mooshla underground exploration program at the Doyon Division in Quebec, Canada.

2006 PERFORMANCE

- ✓ We completed the Gallery Gold acquisition on March 22 as planned, and acquired Cambior Inc. on November 8.
- ✓ IAMGOLD's share of gold production in 2006 was 642,000 ounces, 15% higher than forecast. Higher production from the Sadiola and Yatela mines offset Mupane's underperformance, and after November 8 the Cambior mines contributed 69,000 ounces.
- ✓ Power shortages in Ghana, higher energy costs and Mupane's lower than forecast production affected our cash costs which increased to an average of \$322 per ounce.
- ✓ We carried out over 46,000 metres of drilling in total at Quimsacocha and Buckreef, and upgraded resources on both properties. Future production decisions will take into account three other advanced projects brought into IAMGOLD's pipeline as a result of the Cambior acquisition.
- ✓ We added senior management expertise in the environmental, health and safety areas.
- ✓ As a result of our acquisitions in 2006, we shall achieve our million-ounce production goal a year early, in 2007.

Overall, 2006 was a pivotal year. We achieved our key objectives and met the challenges of rising costs. Energy costs continue to be a major factor at our African operations, and we have had production shortfalls at the Mupane mine in Botswana. These issues with Mupane are being addressed and we expect the operation to stabilize, albeit at costs higher than originally anticipated.

Our cash costs averaged \$322 per ounce in 2006.

Our prime goal is to increase our long-term production and cash flow per share.

We have an opportunity to accomplish this through internal organic growth.

At the Sadiola mine in Mali, exploitation of the deep sulphide mineralization below the main pit, if proved to be economic, could extend the mine's life to 2024. At the adjacent Yatela mine, a pushback of the main pit will allow production to continue into 2010. In Ghana, the Tarkwa mine is embarking on a \$175 million mill and heap leach pad expansion that will maintain annual production levels at 700,000 ounces until 2023. A pit pushback at the Damang mine, also in Ghana, will extend the life of that mine at least until 2011. We see potential opportunities to expand production at our new flagship operation, the 95% owned Rosebel mine in Suriname, which currently produces close to 300,000 ounces of gold annually.

In the near future, we have decisions to make on several development projects, and are focusing aggressively on prioritization. With exploration still ongoing, we already estimate that measured and indicated resources at the Quimsacocha, La Arena, Camp Caiman and Buckreef projects contain close to eight million ounces of gold.

At Quimsacocha we are broadening our exploration, following up recently identified geophysical targets with the aim of adding to resources.

At La Arena we are reviewing a recently completed pre-feasibility study and anticipate a decision on the direction of this project status shortly.

At Camp Caiman we hope to receive operating permits in mid-2007, assuming favourable reviews by regulatory authorities and the public.

At Buckreef exploration continues to increase the resource base and we are continuing to test other prospects on the 40-kilometre long tenement.

We are reviewing our entire exploration portfolio. With the bulk of our resources close to existing infrastructure, we expect to become more focused, working around our centres of operation. Last year we spent \$22.6 million on exploration, less than budgeted because of equipment availability problems. In 2007 we expect to spend in the order of \$30 million to develop the resources at our operations, continue exploration on known targets and generate new prospects globally.

IAMGOLD sold most of its gold royalty interests in April 2006 for \$21.9 million, but continues to receive royalty revenue from the Diavik diamond mine in the Northwest Territories, and from the Magistral gold mine in Mexico, although the latter is in its final stages of production.

Our prime goal is to increase our long-term production and cash flow per share.

One of our tasks for 2007 has been to complete the sale, agreed to in December, of the bauxite interests in Guyana that came with the Cambior acquisition. Upon closing, which occurred in March 2007, IAMGOLD has received approximately \$28.5 million in cash.

A prime objective for the year ahead is to complete the integration process, and turn three companies into one cohesive whole. We have a great opportunity to combine the best aspects of three cultures. Health, safety and sustainability initiatives will receive special attention.

IAMGOLD has held a significant portion of its cash in bullion since 2002. Its holdings at the end of 2006 were approximately 149,000 ounces with an average acquisition cost of \$330 per ounce, providing currency diversification and a return on investment, at a gold price in excess of \$600 per ounce, of more than 80%.

The combination of IAMGOLD's strong cash position, aggressive exploration stance and potential for growth through acquisition and strategic management with Cambior's operating, development and technical expertise has produced a unique company, with a strong balance sheet and the critical mass to compete globally.

We are well positioned to grow internally and through accretive acquisitions, and have the financial strength and human resources to do so.

Our thanks go to all who made the successes of the past year possible, and to our shareholders for their continued support.



WILLIAM D. PUGLIESE
Chairman



JOSEPH F. CONWAY
President and Chief Executive Officer

March 30, 2007

OBJECTIVES

Complete the integration process following our 2006 acquisitions.

Achieve attributable gold production of over one million ounces.

Reduce operating costs to below \$395.

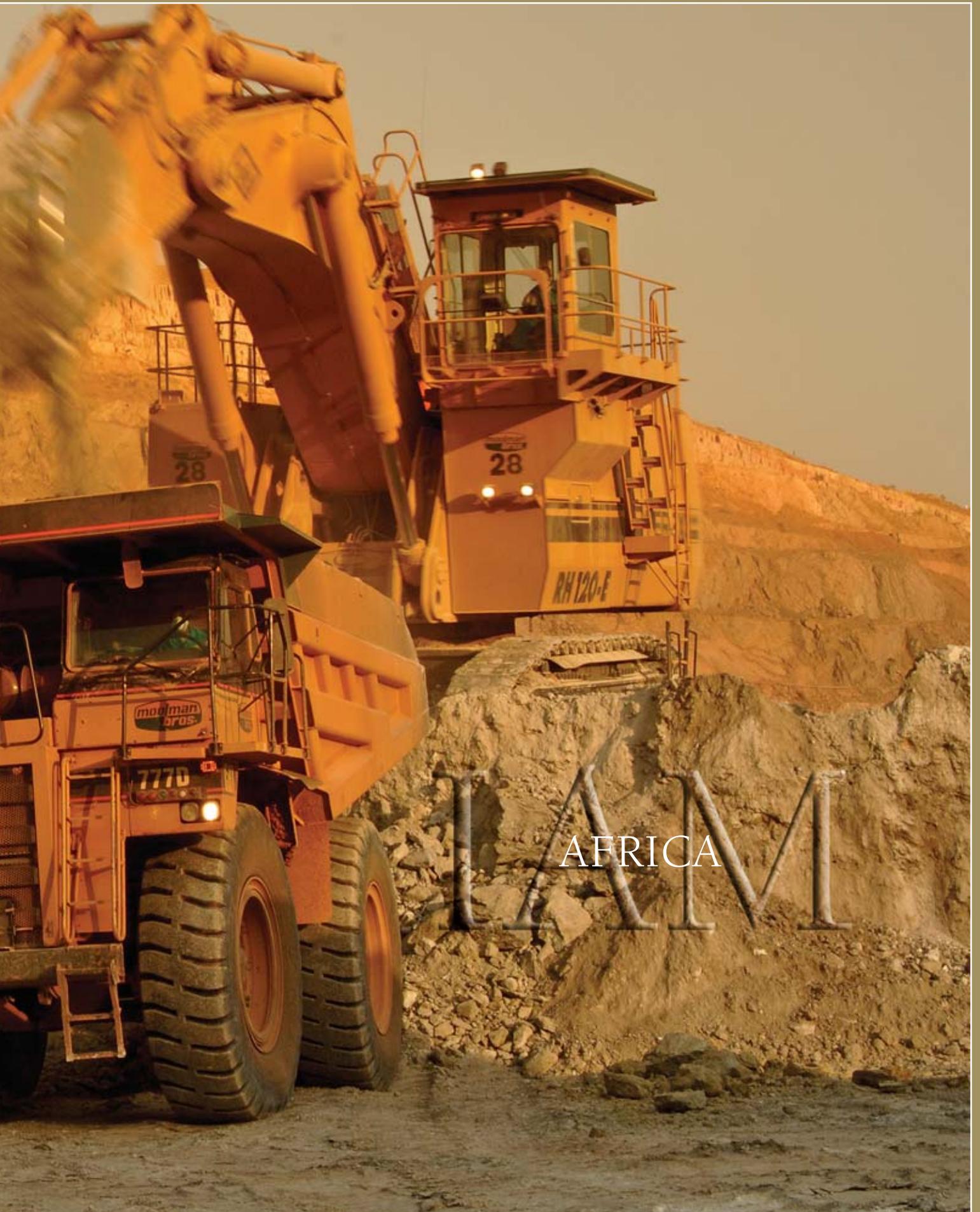
Bring the Quimsacocha, Camp Caiman, La Arena and Buckreef projects to the next stage of development.

Prioritize exploration activities.

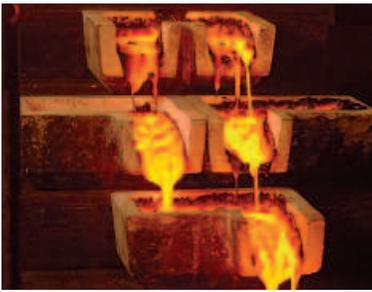
Continue to practise high standards in the fields of health and safety, environmental responsibility and community relations.

Remain focused on our goal of increasing long-term production and cash flow.





AFRICA



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AFRICA

IAMGOLD's early success in Africa gave the Company its start. Today its African interests have expanded to include the Sadiola, Yatela, Mupane, Tarkwa and Damang gold mines, which accounted for 89% of production in 2006.



MALI

Sadiola Mine

IAMGOLD interest 38%

The result of an IAMGOLD discovery in the early 1990s, the Sadiola gold mine in western Mali began full production in 1997. AngloGold Ashanti is the operator, with a 38% interest; the other partners in the operation in addition to IAMGOLD (38%) are the Republic of Mali (18%) and International Finance Corporation (6%), a member of the World Bank Group.

Sadiola consists of an open pit mining operation conducted by a contractor and a carbon-in-pulp processing plant capable of treating approximately 5.3 million tonnes of soft saprolitic ore per year. A new gravity separation circuit is expected to increase gold recovery by 3% starting in 2007.

Production in 2006 amounted to 499,000 ounces of gold (IAMGOLD share 189,600 ounces) at a cash cost of \$273 per ounce. Output was 13% higher than in 2005 and 4% higher than the 2006 forecast, while cash costs increased only marginally over the 2005 average of \$270 per ounce. Output in 2007 is expected to be 445,000 ounces of gold (IAMGOLD share 169,000 ounces) at a cash cost in the order of \$360 per ounce.

A 2005 pre-feasibility study that investigated mining deep sulphide mineralization present below Sadiola's main open pit showed marginal economics using the current mill configuration and mining and energy costs, based on a \$451 per ounce gold price. Optimization of the base case scenario is being carried out before proceeding to a feasibility study. The

work includes metallurgical testing in South Africa of a 2.5 tonne sample as well as studies of alternative power generation and the use of owner rather than contract mining in order to lower operating costs. Drilling is also being carried out to upgrade resources.

Yatela Mine

IAMGOLD interest 40%

The Yatela mine is located in western Mali, about 25 kilometres north of the Sadiola mine on an adjoining mining permit. IAMGOLD has a 40% indirect interest in Yatela, as does AngloGold Ashanti, the operator, and the Republic of Mali owns 20%.

Yatela began production in 2001. It is an open pit operation, with mining carried out by the same contractor as at Sadiola.



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Heap leaching is carried out at a rate of approximately 2.9 million tonnes per year, and final gold recovery is completed at the Sadiola site.

Pre-stripping for a \$5.7 million pushback of the main Yatela pit began in May 2006. The pushback will provide access to 350,000 ounces of gold and extend mine production by at least 15 months into the first half of 2009. Production from the heap leaching operation will continue into 2010.

In 2006 the mine produced 351,600 ounces of gold (IAMGOLD share 140,600 ounces) at a cash cost of \$224 per ounce versus 247,000 ounces (IAMGOLD share 98,800 ounces) and a cash cost of \$269 in 2005. Higher grades of mined ore resulted in higher production and improved costs compared to 2005 output and 2006 forecasts. Production in 2007 is forecast to be 275,000 ounces (IAMGOLD share 110,000 ounces) with cash costs of approximately \$335 per ounce. The operation became debt-free and made its first profit distribution to shareholders in 2006.

BOTSWANA

Mupane Mine

IAMGOLD interest 100%

The Mupane gold mine is located 30 kilometres southeast of Francistown in the Tati greenstone belt in southern Botswana, and was acquired by IAMGOLD through its acquisition of Gallery Gold on March 22, 2006.

Mupane, a Gallery Gold discovery in 1998, began production in late 2004.

It is an open pit operation, with mining in the main Tau pit and several smaller pits carried out by a contractor. Ore is processed in a one million tonnes per year carbon-in-leach plant, while the flotation circuit was commissioned early in 2006 to treat sulphides in the ore.

Several steps have been taken to improve production in 2007. Three trucks and two drills have been added to the mining fleet to increase equipment availability. A larger motor has been ordered that will allow the SAG mill to process in excess of its original design capacity of 125 tonnes per hour, counteracting slowdowns caused by increasingly harder ore. An additional oxygen plant is planned to increase throughput in the leach plant, which was limited because of the high oxygen demand of the sulphide ore.

Production from Mupane in 2006 was 83,000 ounces. IAMGOLD's share of production from March 22, 2006 was 65,000 ounces and cash costs were \$483 per ounce. For 2007, output is forecast at 100,000 ounces with cash costs in the order of \$385 per ounce.

Exploration at Mupane continued to further develop resources on the tenements, and investigate various prospects that included the Molomolo and Tekwane areas southeast of the mine.

GHANA

Tarkwa Mine

IAMGOLD interest 18.9%

The Tarkwa mine is located in southwestern Ghana, about 300 kilometres by road west of Accra, the capital. IAMGOLD's partners at Tarkwa are Gold Fields Limited (71.1%), the operator, and the Republic of Ghana (10%).

Tarkwa consists of an open pit mining operation on the Tarkwa property and adjacent northern portion of the Teberebie property, two heap leach operations and a carbon-in-leach plant commissioned in 2004. The Tarkwa (North) heap leach plant began production in 1998, while the Teberebie (South) heap leach plant, acquired by Tarkwa in 2000, has been in operation



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since 1992. The heap leach plants have a combined capacity of approximately 16 million tonnes per year. The addition of the CIL plant increased annual capacity to over 20 million tonnes.

In November 2006, a decision was made to expand the annual capacity of the CIL plant from 4.2 million tonnes to 12 million tonnes, at an estimated capital cost of \$126 million. Construction is to start early in 2007 and commissioning should be completed in the second half of 2008. The project includes an expansion of tailings storage facilities and associated infrastructure.

An expansion of the North heap leach facility is also planned at a capital cost of \$49 million. Construction is to start in early 2007 with commissioning scheduled for mid-2008.

These expansion projects will maintain the total ore tonnage treated annually at approximately 21.6 million tonnes consisting of 9.6 million tonnes of heap leach and 12.0 million tonnes of milled ore. The expansions will allow gold production to be maintained above 700,000 ounces per year until 2021, decrease the processing unit operating cost through economies of scale, and ultimately add one million ounces of recovered gold over the life of the mine.

Production from Tarkwa in 2006 amounted to 720,900 ounces (IAMGOLD share 136,200 ounces), similar to 2005 output of 725,000 ounces (IAMGOLD share 137,000 ounces). Cash costs averaged \$336 per ounce compared to \$268 in 2005. The increase in costs was due primarily to a power shortage in Ghana that required power to be generated on site; the power shortage should be resolved in 2007. Production in 2007 is expected to be in the order of 715,000 ounces (IAMGOLD share 135,000 ounces) at a cash cost of \$350 per ounce.

Damang Mine

IAMGOLD interest 18.9%

The Damang gold mine is located in western Ghana, about 280 kilometres by road west of Accra, and 30 kilometres northeast of the Tarkwa mine. Gold Fields Limited (71.1% interest) is the operator, and the Republic of Ghana holds 10%.

Production at Damang began in 1997, prior to its 2002 acquisition by Gold Fields Ghana Limited and IAMGOLD. Open pit mining is carried out by a contractor, and ore is processed in a conventional mill incorporating gravity concentration and carbon-in-leach

recovery. Annual throughput averages 3.3 million to 5.2 million tonnes, depending on the mix of fresh and weathered oxide ore being processed.

With the depletion of the small high grade Amoanda pit in the latter part of 2006, the Tomento satellite pits will become the main source of oxide ore for the next two years. Pre-stripping for the main Damang pit cutback continues. This cutback is expected to reach full production in 2008-2009 and extend the mine life to at least 2011.

Exploration continues to investigate potential satellite deposits in the vicinity of the mine.

Production from Damang in 2006 was 217,800 ounces (IAMGOLD share 41,200 ounces), less than 2005 output of 229,000 ounces (IAMGOLD share 43,500 ounces) but higher than forecast. Cash costs increased to \$396 per ounce from \$347 per ounce in 2005, primarily because of the power shortage in Ghana and the necessity to operate diesel generators at the mine site. The higher power costs will continue to have an effect in 2007, when production is expected to be 210,000 ounces (IAMGOLD share 40,000 ounces) at a cash cost of approximately \$435 per ounce.



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TANZANIA

Buckreef Project

IAMGOLD interest 75-80%

The Buckreef project, acquired through the merger with Gallery Gold, is located in the Rwamagaza greenstone belt which in turn lies within the prolific Victorian Goldfields region of northern Tanzania, south of Lake Victoria.

After a review of the work that had been carried out on the Buckreef project, IAMGOLD launched an aggressive \$5.2 million exploration program on the property in the latter half of 2006. The work included in excess of 27,100 metres of reverse circulation, aircore and diamond drilling and resulted in increased geological understanding of the greenstone belt, greater confidence in the existing resource and an expansion and upgrading of the resource base. Drilling in the Busolwa-Buziba area, 20 kilometres east of Buckreef, resulted in the discovery and definition of a number of new mineralized zones. Measured and indicated resources are currently estimated to contain over 900,000 ounces of gold.

The regional exploration effort within the Rwamagaza greenstone belt was increased, and geophysical and

geochemical surveys were completed. Encouraging results from reconnaissance drilling will be followed up during 2007.

SENEGAL

At IAMGOLD's Bambadji and Daorala-Boto properties in southeast Senegal, the results of all previous exploration were reviewed and reinterpreted during 2006. Geophysical surveys were also carried out. The properties, which cover 680 square kilometres, are underlain by an inlier of Birimian greenstones and bordered on the east by the Senegal-Mali fault zone which trends north into Mali to pass by the Sadiola and Yatela mines. Splays from the fault zone are believed to exert some control over gold mineralization.





NORTH AMERICA



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Since drilling from the exploration drift began, approximately 28,000 metres in 22 holes had been completed to the end of 2006. Thanks to very encouraging results, the program was accelerated in November 2006 with the addition of a third and fourth drill. Three gold bearing horizons have been identified and the two additional drills are testing the continuity of the new zones and determining the mineral potential between 900 and 1,500 metres below surface.

Sleeping Giant Mine

IAMGOLD interest 100%

The Sleeping Giant mine is located 80 kilometres north of Amos in northwestern Quebec. Cambior became the operator of the 2,908-hectare property in 1991, acquired a 50% interest in 1992 after funding a successful exploration program, and purchased the remaining 50% interest from Aurizon Mines Ltd. in 2005.

Gold mineralization occurs in high grade narrow veins, some of which remain open at depth. Mine access is by a 1,060-metre deep shaft. Ore is treated in a 900 tonnes per day mill that uses the carbon-in-leach process.

The Sleeping Giant mine has implemented a unique program that trains new employees, with no previous mining experience, to become qualified miners. Through this program, the mine has been able to improve productivity and stabilize the workforce.

Gold production in 2006 was 46,000 ounces. IAMGOLD's share from November 8, 2006, was 8,000 ounces at a cash cost of \$446 for the period. Projected production for 2007 is 50,000 ounces with cash costs in the order of \$380 per ounce.

Niobec Mine

IAMGOLD interest 100%

The Niobec underground mine is located 15 kilometres northwest of Chicoutimi in the province of Quebec. The 2,455-hectare property is North America's only source of pyrochlore, the primary niobium ore, and one of only three major producers of niobium. It produces a niobium pentoxide concentrate that is converted on site into standard grade ferroniobium (FeNb) grading 66% niobium using an aluminothermic process. The mine began producing concentrates in 1976 and ferroniobium in 1994, and currently produces approximately 10% of world niobium consumption.

Cambior increased its 50% interest in Niobec to 100% in 2004 when it acquired its joint venture partner in the mine, Sequoia Minerals Inc.

An expansion program increased the mine's capacity by 20% in 2005 and by a further 10% in 2006. Daily milling capacity was increased from 4,200 tonnes to 4,500 tonnes in the second half of 2006.

QUEBEC EXPLORATION PROJECTS

As a result of the Cambior merger, IAMGOLD is involved in gold exploration in Quebec. The Gemini-Turgeon and Estrees-Caribou projects are located in the prolific Abitibi Belt, and are nearing the drilling stage. Joint ventures include the Noranda camp and Lac Herbin projects with Alexis Minerals as well as Superior Diamonds Inc.'s investigation of the diamond potential of the Company's Lesperance East property.





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SOUTH AMERICA



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SOUTH AMERICA

South America looms large in IAMGOLD's activities. The flagship Rosebel mine in Suriname produces 25% of total gold production and contains over 25% of the Company's resources. Three projects are at an advanced stage – Quimsacocha in Ecuador, La Arena in Peru and Camp Caiman in French Guiana.



SURINAME

Rosebel Mine

IAMGOLD interest 95%

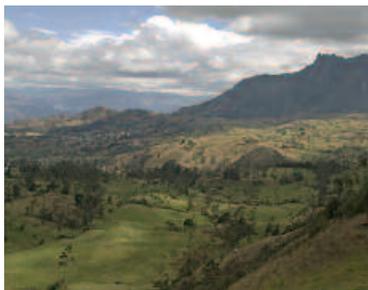
The Rosebel open pit gold mine, acquired by IAMGOLD in November 2006 through its merger with Cambior, is located approximately 100 kilometres south of Paramaribo, the capital of Suriname. Rosebel began commercial production in February 2004. The \$95 million mine came on stream on schedule and on budget, reflecting the Company's 13 years of operational experience in this part of the world. The mine facilities include a 20,000 tonnes per day processing plant, maintenance and warehouse facilities and a transmission line from a power-generating station owned by a major bauxite producer.

IAMGOLD's interest in Rosebel is held through its 95% interest in Rosebel Gold Mines N.V. (RGM); the remaining 5% is held by the Republic of Suriname. The Company acquired a 50% interest in the Rosebel property in 1994 by funding exploration and development, and purchased the remaining interest from Golden Star Resources Ltd. in 2002.

The Rosebel deposits consist of highly weathered, quartz vein-hosted gold mineralization contained within the Guiana Shield. Six deposits and numerous gold prospects have been identified over a 15-kilometre trend. The Pay Caro, East Pay Caro and Koolhoven deposits and J zone, Spin and Mama Creek prospects are located in the North Limb area and the Rosebel, Mayo and Royal Hill deposits and Roma and Monsanto Hill prospects are located in the South Limb area. Production in 2006 was derived from the Pay Caro and Royal Hill pits.

Processing involves crushing and grinding, gravity separation which recovers over 25% of the gold, a cyanidation circuit and a carbon-in-leach plant. The flowsheet recognizes the need to handle soft and sticky ore from the laterite and saprolite layers during the initial mining phase before treating harder material from the transition and hard rock zones.

Rosebel produced 301,000 ounces of gold in 2006. IAMGOLD's share of production from November 8, was 40,000 ounces at a cash cost of \$416 per ounce for that period. In 2007, with a zone of lower grade ore being mined, the operation is expected to produce 255,000 ounces at a cash cost of \$435 per ounce. An illegal work stoppage by a number of unionized employees in January 2007 prompted a temporary suspension of operations. This work stoppage was resolved in



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mid-February with agreement on a 3-year labour contract, but resulted in a loss of approximately 20,000 ounces of gold production.

Proven and probable reserves at year-end 2006 were estimated to contain 3.8 million ounces of gold, sufficient for 12 years of mine operation.

In 2006 RGM continued development drilling of the existing deposits, and also exploration for new deposits on the Rosebel property. Initial results from the J zone have been encouraging; this zone lies 700 metres northeast of the Pay Caro deposit and relatively close to the mill. Additional exploration was carried out on the adjacent Headley's Reef and Thunder Mountain exploration permits, as well as on the Sara Creek project 80 kilometres south of Rosebel and acquired in 2005.

GUYANA

Omai Bauxite Mine

IAMGOLD interest 70%

In December 2006, IAMGOLD agreed to sell its bauxite interests, acquired through the Cambior merger, to Bosai Minerals Group Co. Ltd. of Chongqing, South West China, effective December 31, 2006. The transaction was valued at approximately

\$46 million that included the assumption of \$18 million of third-party debt. Upon closing, announced March 21, 2007, IAMGOLD has received \$28.5 million in cash.

The Company became involved with bauxite mining in 1999 when its gold mining operation in Guyana, Omai Gold Mines, was hired by Linmine, a state-owned entity, to perform contract mining. In 2004, the bauxite operation was privatized, with Omai Bauxite Mines Inc. becoming the sole owner and operator of most of the former Linmine bauxite assets and facilities. The Company held a 70% interest in OBMI and a government entity, National Industrial and Commercial Investments Limited, held 30%.

Omai Gold Project

IAMGOLD interest 95%

Located 160 kilometres south of Georgetown, the capital of Guyana, Cambior's Omai mine produced 3.7 million ounces of gold between 1993 and September 2005.

An exploration program was initiated in 2006 to define the extension of the Fennell gold deposit at depth below the mined-out Fennell open pit, and assess the potential for an underground mining operation. If sufficient tonnage and

grade are identified, an underground operation using large-scale blasthole stoping and room-and-pillar mining methods without backfilling might be possible. Although some of the former mine's processing and mobile equipment was transferred to the Rosebel mine, and certain assets were re-deployed to support the Omai bauxite mine, the remaining milling, plant and camp facilities and other infrastructure would support a future operation.

The Company increased its interest in the Omai mine from 65% to 95% in 2002 when as part of the Rosebel transaction it acquired Golden Star's shares in the mine. The Republic of Guyana has a 5% interest in the property.

Additional exploration in Guyana in 2006 also included surface mapping and geochemical sampling on the Eagle Mountain property, which is located 30 kilometres from the Omai gold mine.

ECUADOR

Quimsacocha Project

IAMGOLD interest 100%

Quimsacocha is located 480 kilometres south of Quito and 40 kilometres southwest of the city of Cuenca in southern Ecuador. IAMGOLD carried out





Ongoing exploration at the Rosebel mine in Suriname has already extended the mine life by at least two years.



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its first drilling on the property in 2002, and in 2006 completed over 19,000 metres of drilling in 88 holes. A pre-feasibility study should be completed in the second half of 2007.

The 2006 drilling program continued to upgrade and confirm the known resource and established the continuation of the high-grade zone between the northern and southern parts of the deposit. Interpretations of geophysical data also indicated that the Quimsacocha mineralized system is much larger than previously thought. In the latter half of the year two drill rigs were at work testing a number of new targets showing similar responses to the main deposit outside the known resource, at Loma Tasqui, Jordanita, Rio Falso and to the west in Quimsacocha Oeste.

In September 2006, Scott Wilson Roscoe Postle Associates Inc. reported an indicated resource in the main Quimsacocha deposit containing an estimated 3.3 million ounces of gold, an increase of 20% over an October 2005 estimate (see resource statement on page 105).

An earlier preliminary assessment produced by SRK Consultants in May 2006 indicated two economical viable options, one involving an open pit operation and the other an underground

mine. The open pit operation would have annual production of approximately 281,000 ounces of gold, 810,000 ounces of silver and 3,400 tonnes of copper over eight years, and have a capital cost of \$264 million. An underground mine would have a capital cost of \$137 million and produce 203,000 ounces gold, 588,000 ounces silver and 2,300 tonnes of copper annually over a 7-year mine life. Whole ore pressure oxidation (POX) continues to be the most favourable processing method evaluated to date. The assessment was based on \$400/oz. gold, \$1.25/lb. copper and \$5.50/oz. silver.

Drilling of regional geophysical targets will continue in 2007 while the pre-feasibility study is undertaken for the currently known resource. The decision to proceed with either open pit or underground mining is expected before the end of 2007.

PERU

La Arena Project

IAMGOLD interest 100%

The La Arena property lies within a multi-million ounce gold district near the town of Huamachuco, 480 kilometres north-northwest of Lima, and close to excellent road and power infrastructure. Two deposits have been identified on the

22,000 hectare property as well as other mineral occurrences; a gold oxide deposit, and an adjacent gold-copper porphyry deposit. The latter consists of the shallow flat-lying North Porphyry, undercut by a thrust fault, and the steeply dipping South Porphyry, still open at depth at 400 metres below surface.

In 2006 the exploration program was accelerated at La Arena, which has now undergone a total of 51,000 metres of drilling. In August, measured and indicated resources were estimated to contain two million ounces of gold and 1.1 billion pounds of copper (see resource statement on page 105). A pre-feasibility study completed in late 2006 investigated the economic and technical potential for an open pit mining operation using conventional milling, and incorporating a flotation circuit for the porphyry deposit and a heap leaching process for the gold oxide deposit. The pre-feasibility preparations included metallurgical testing and environmental and social baseline studies, a geotechnical assessment and mine planning and processing design. A decision to proceed with a feasibility study is expected in the first half of 2007.



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FRENCH GUIANA

Camp Caiman Project

IAMGOLD interest 100%

The Camp Caiman gold project is located in tropical rain forest about 45 kilometres southeast of Cayenne, the capital of French Guiana. It covers a 30 square kilometre mining concession and the adjacent 20 square kilometre Trésor and 21 square kilometre Patawa exploration permits. The properties are held indirectly by a wholly owned subsidiary acquired by Cambior in 2003 as a result of a merger with Ariane Gold Corp.

Drilling on the property discovered the Scout zone in 1996 and the higher grade Zone CC-88 in 1997. Surface rocks in this part of the Guiana Shield have been intensely weathered, with the depth to unweathered rock varying from 30 to 120 metres.

The Company completed a feasibility study in 2005. Probable reserves were estimated to contain 1.1 million ounces of gold within 12.3 million tonnes averaging 2.8 grams gold per tonne. Measured and indicated resources, including reserves, are estimated to contain 1.6 million ounces of gold.

The study proposed an open pit mining operation with an estimated capital cost of \$115 million. The Scout pit would be

comprised primarily of saprolite and represent 35% of the reserves; to the east, Pit 88 would consist of saprolite and fresh rock in equal proportions. The Scout deposit is open at depth to the west, and Pit 88 is open to the north. Processing would involve crushing and grinding followed by treatment in a carbon-in-pulp circuit. Production would average 115,000 ounces of gold in the first three years of operation, while total production from the reserves identified at the time of the feasibility study would be approximately 867,000 ounces at an average operating cost of \$268 per ounce over a 7-year mine life.

In December 2006 revised permit applications were submitted to the French authorities that addressed concerns raised during an earlier public consultation process. Once these applications have been reviewed and further public consultations have been held, it is anticipated the permits will be issued in mid-2007, allowing construction to commence.

About \$1.1 million was spent by the Company on general exploration in French Guiana in 2006. The work included a total of 1,530 metres of diamond drilling and hand auger holes on the Sainte-Marie, Maripa, Crique Véoux and Changement exploration permits.

ARGENTINA

IAMGOLD undertook several project generation field programs in Argentina in 2006, and investigated both early stage opportunities and more advanced projects. As a result it has applied for a number of exploration licences and is negotiating with a number of companies holding ground in the Central Belt. The exploration target in this region is epithermal mineralization similar to that at the La Coipa mine in Chile. The Company spent \$1.2 million on exploration in Argentina in 2006.

BRAZIL

IAMGOLD spent \$1.9 million on exploration in Brazil in 2006. The work included continuing exploration on the Rio Grande do Sul project in southern Brazil. Diamond drilling totaling 4,200 metres has encountered isolated narrow veins with gold and base metal mineralization. Further work is required to determine the areas with the best potential for mineralization.







IAMGOLD, IAMGOLD, IAMGOLD, IAMGOLD, IAMGOLD, IAMGOLD, IAMGOLD, IAMGOLD, IAMGOLD

I AM RESPONSIBLE

IAMGOLD's combination in 2006 first with Gallery Gold and then with Cambior has provided a unique opportunity to merge the best practices of all three companies with industry best practice. This opportunity is particularly relevant in the corporate responsibility area, as standards and guidelines are confirmed and developed with regard to the Company's approach to health, safety, environment and community.

The IAMGOLD approach is focused on the following:

Respect: Our activities will be conducted with mutual respect for cultures, customs, social values, laws and human rights.

Engagement: We require the support of host communities and governments, earned through responsive and meaningful dialogue.

Environmental stewardship: We will direct our activities so that we can understand the interaction between our footprints and the environment, and develop ways to protect the environment and maximize sustainable development.

Health and safety: We will provide a work environment where people's health and safety are everyone's priority.

Recent and ongoing projects demonstrate the Company's commitment to a wide range of programs. For example, managers undergo cultural sensitivity training to assist them with their community work. Dedicated community relations personnel are active at Buckreef, Camp Caiman, La Arena and Rosebel and at the joint ventures in Ghana and Mali.

At Quimsacocha, more than 1,500 people have toured the site, to view and hear first hand about the project. Much effort is being made to help develop long-term alternate economic projects in the community. Community schools, parks and playgrounds have been improved with IAMGOLD support. See www.quimsacocha.com for details.

At communities near Rosebel, improvements have been made to schools, the drinking water system and a local brick-making business received assistance.

At Buckreef, community projects include the installation of water wells and support for drought relief.

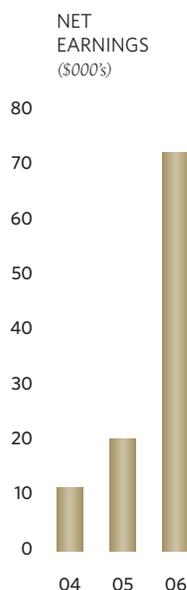
Environmental stewardship applies to exploration projects as well as mining operations. IAMGOLD's work at Quimsacocha includes the reclamation of sites disturbed by recreational users and previous operators' exploration activities. Drilling mud is mixed with locally available organics and allowed to compost, then used as a soil additive at drill sites. A plant nursery has been established to provide native trees and shrubs for re-vegetation programs and training in agricultural techniques.

Both the Mouska operation in Quebec and the Mupane mine in Botswana achieved a year of operation without a lost time injury in 2006. Regrettably, two joint ventures experienced fatalities during the year. From such tragedies, lessons are learned and improvements made to safety management systems. Achieving and maintaining zero injuries is a continuous journey.

IAMGOLD FINANCIALS

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IAMGOLD MANAGEMENT'S DISCUSSION & ANALYSIS



The following Management's Discussion and Analysis ("MD&A"), dated March 23, 2007, should be read in conjunction with the Consolidated Financial Statements for December 31, 2006 and related notes thereto which appear elsewhere in this report. All figures in this MD&A are expressed in US dollars, unless stated otherwise.

OVERVIEW

IAMGOLD Corporation ("IAMGOLD" or "IMG" or the "Company") is an established mid-tier gold mining and exploration company. Following the acquisition of Gallery Gold Limited in March 2006, and Cambior Inc. in November 2006, IAMGOLD's interests include eight operating gold mines, a niobium producer, and exploration projects located throughout Africa and the Americas. Its advanced exploration projects include the Camp Caiman project in French Guiana, and Quimsacocha project in Ecuador. IAMGOLD's securities trade on the Toronto, New York and Botswana stock exchanges.

Net earnings for 2006 were \$72.5 million or \$0.39 per share, net of earnings from discontinued operations of \$0.1 million, compared to \$20.5 million or \$0.14 per share for 2005 and \$11.6 million or \$0.08 per share for 2004. Earnings in 2006 benefited from stronger gold prices but were partially offset by higher operating costs. The increase in earnings is mainly a result of higher gold prices, and both increased production and cost containment success at the Sadiola and Yatela mines in Mali and from the inclusion of results from the Cambior operations from November 8.

Operating cash flow for 2006 was \$64.0 million compared to \$28.8 million in 2005 and \$11.6 million in 2004. The increase is a result of higher earnings, partially offset by increases in non-cash working capital relating to a reduction of accounts payable related to the Cambior acquisition and increases in ore stockpiles at Sadiola, Yatela and Mupane.

ACQUISITIONS

Gallery Gold Limited

On March 22, 2006, the Company acquired all of the issued and outstanding shares of Gallery Gold Limited ("GGL") in exchange for the issuance of 26,221,468 common shares. GGL, through its subsidiaries, owns a 100% interest in the Mupane gold mine in Botswana and a controlling interest in the Buckreef project in Tanzania. The purchase price has been determined to be \$202.3 million, including transaction costs of \$2.5 million and the purchase of GGL common share options for \$2.4 million. The value was determined based on an exchange ratio of one IAMGOLD share for each 22 GGL shares.

Cambior Inc.

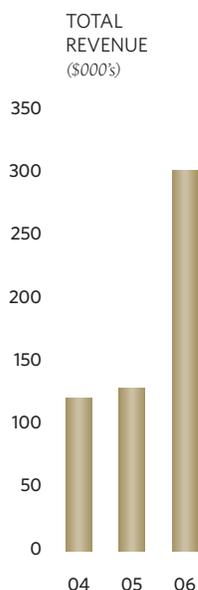
On November 8, 2006, the Company acquired all of the issued and outstanding shares of Cambior Inc. ("Cambior"), an international gold producer with operations, development projects and exploration activities throughout the Americas (Rosebel mine, Doyon Division, Sleeping Giant mine, Niobec mine and Camp Caiman project). As consideration for the transaction, the Company issued 116,258,765 common shares along with options and warrants exercisable for 10.8 million common shares of IAMGOLD. The purchase price has been determined to be \$1.1 billion, including transaction costs of \$4.9 million. The value was determined based on an exchange ratio of 0.42 IAMGOLD share for each Cambior share.

Cambior's activities have been accounted for in IAMGOLD's results since the closing date of the transaction. The acquisition was accounted for under the purchase method with the fair value of the consideration allocated to the fair value of the identifiable assets and liabilities on the closing date.

Fair Values

The preliminary allocations of the fair values of the consideration for both transactions to the fair values of the identifiable assets and liabilities on the respective closing dates are set out below. The Company intends to retain outside specialists to assist in determining the final allocations. This process is expected to be completed in the first quarter of 2007 for GGL and the third quarter of 2007 for Cambior.

Fair value (\$'000's)	GGL	Cambior	Total
Assets acquired and liabilities assumed:			
Cash and cash equivalents	\$ 971	\$ 7,183	\$ 8,154
Mining assets	135,668	784,601	920,269
Exploration and development	96,582	189,049	285,631
Net assets held for sale	-	24,219	24,219
Other assets	18,873	99,807	118,680
Goodwill	72,405	330,638	403,043
Current liabilities	(11,186)	(94,010)	(105,196)
Long-term debt	(16,589)	(33,716)	(50,305)
Forward sales liability and gold call option	(59,711)	(16,205)	(75,916)
Asset retirement obligations	(2,506)	(38,380)	(40,886)
Accrued benefit liabilities	-	(8,897)	(8,897)
Future income and mining tax liabilities	(32,178)	(135,827)	(168,005)
Non-controlling interest	-	(3,502)	(3,502)
	<u>202,329</u>	<u>1,104,960</u>	<u>1,307,289</u>
Consideration paid:			
Issue of 26,221,468 common shares of the Company	197,448	-	197,448
Issue of 116,258,765 common shares of the Company	-	1,062,605	1,062,605
Settlement of GGL common share options	2,402	-	2,402
Issue of 2,428,873 IAMGOLD equivalent options	-	13,062	13,062
Issue of warrants equivalent to 8,400,000 IAMGOLD shares	-	24,403	24,403
Transaction costs	2,479	4,890	7,369
	<u>202,329</u>	<u>1,104,960</u>	<u>1,307,289</u>



Summarized Financial Results

(in \$000's except where noted)

	2006	2005	2004
Cash, short-term deposits and gold bullion	\$ 173,376	\$ 110,197	\$ 85,436
Net current working capital	102,056	114,527	102,562
Total assets	2,278,676	468,985	448,002
Long-term loans, including current portion	38,888	6,924	10,437
Revenues	303,345	129,774	121,872
Earnings from working interests	28,874	15,467	13,149
Net earnings from continuing operations	72,388	20,494	11,609
Net earnings from discontinued operations, net of tax	93	-	-
Net earnings	72,481	20,494	11,609
Basic and diluted net earnings from continuing operations per share	0.39	0.14	0.08
Basic and diluted net earnings per share	0.39	0.14	0.08
Cash dividends declared per share (C\$)	0.07	0.07	0.06
(US\$)	0.06	0.06	0.05
Operating cash flow	63,991	28,814	11,581
Gold produced (000's oz - IMG share)	642	447	432
Weighted average GI cash cost (\$/oz - IMG share)*	322	276	248
Average gold spot price (\$/oz)**	604	445	410

* Weighted average Gold Institute cash cost is a non-GAAP measure. Please refer to the Supplemental Information attached to the MD&A for reconciliation to GAAP.

** Average gold price as per the London PM fix.

Quarterly Financial Review

(in \$000's except where noted)

2006	Q1	Q2	Q3	Q4	Total
Revenues	\$ 44,481	\$ 71,955	\$ 65,659	\$ 121,250	\$ 303,345
Net earnings from continuing operations	19,851	29,838	13,425	9,274	72,388
Net earnings from discontinued operations	-	-	-	93	93
Net earnings	19,851	29,838	13,425	9,361	72,481
Basic and diluted net earnings from continuing operations per share	0.13	0.17	0.08	0.04	0.39*
Basic and diluted net earnings per share	0.13	0.17	0.08	0.04	0.39*
Operating cash flow from continuing operations	21,794	24,276	17,919	2	63,991

2005	Q1	Q2	Q3	Q4	Total
Revenues	\$ 29,493	\$ 29,539	\$ 31,316	\$ 39,426	\$ 129,774
Net earnings	7,743	2,375	4,198	6,178	20,494
Basic and diluted net earnings					
per share	0.05	0.02	0.03	0.04	0.14
Operating cash flow	8,533	5,680	1,828	12,773	28,814

* As the weighted average number of shares differ on a quarterly basis compared to the annual average, quarterly earnings per share do not sum to the annual earnings per share.

IAMGOLD Attributable Production and Costs

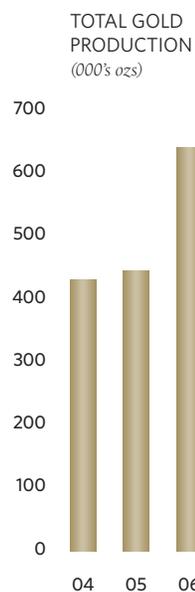
The table below presents the production attributable to IAMGOLD's ownership in its operating gold mines along with the weighted average cost of production.

	2006					2005	2004
	Q1	Q2	Q3	Q4	Total	Total	Total
Production (000's oz)							
Sadiola - 38%	42	52	46	50	190	168	173
Yatela - 40%	33	40	33	34	141	98	97
Tarkwa - 18.9%	36	33	33	34	136	137	105
Damang - 18.9%	12	11	9	8	41	43	56
Mupane - 100%	-	22	19	24	65	-	-
Rosebel - 95%	-	-	-	38	38	-	-
Doyon - 100%	-	-	-	23	23	-	-
Sleeping Giant - 100%	-	-	-	8	8	-	-
Total production	123	158	140	219	642	447	432
Total cash cost							
(\$/oz - IMG share)*	294	315	348	389	344	295	265
GI cash cost*							
(\$/oz - IMG share)	271	290	329	368	322	276	248

* Cash cost per ounce is a non-GAAP measure. Please refer to the Supplemental Information attached to the MD&A for reconciliation to GAAP.

Gold production at the operating mines in 2006 was 44% and 49% ahead of production compared to 2005 and 2004. The increase in 2006 is mainly a result of the addition of production from the Mupane, Rosebel, Doyon and Sleeping Giant mines, and excellent performance at the Sadiola and Yatela mines.

The Company's attributable share of gold production in 2007 from the above operating mines is expected to be 1,000,000 ounces of gold at a Gold Institute cash cost, including all royalties, of \$395 per ounce.



MARKET TRENDS

IAMGOLD generates revenues from the sale of gold and ferroniobium.

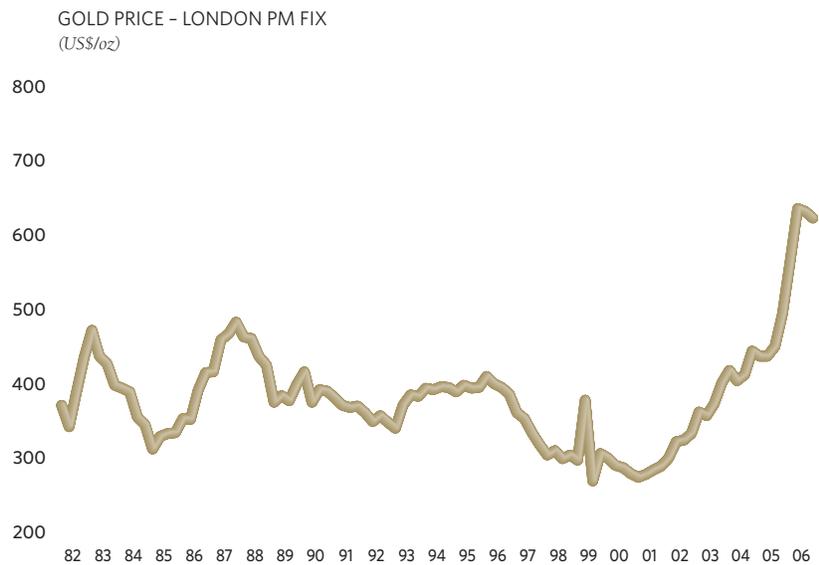
Gold Market

During 2006, the gold price displayed considerable volatility. Gold price averaged \$604 per ounce but traded between \$525 and \$725 per ounce throughout the year. The closing price for 2006 was \$632 per ounce.

In the first half of 2006, the gold price was impacted by political uncertainty as well as continued investment demand for bullion via purchases of commodity indices products. The second half activity level was relatively muted as net buying activity switched to more range trading activity.

Purchases related to jewellery demand dropped significantly in the first half in reaction to gold price volatility but stabilized during the second half.

Net sales of gold by the official sector were considerably less than expected during 2006. This was due to lower sales from the participants in the Central Bank Gold Agreement. In addition, a number of countries outside the agreement announced plans or interest in raising central bank gold reserves.



Niobium Market

Niobium is a strengthening element used in the manufacture of specialty steel alloys. Small additions of niobium increase the strength and durability of steel used in pipelines, the automobile industry and structures.

Unlike most other commodities, the niobium price remained constant over the past five years, however it has risen in 2006. Niobium demand has increased due to a general increase in the use of niobium, high demand in China and the additional use of niobium as a substitute for other, higher-priced specialty alloys.

IAMGOLD is now one of three producers worldwide, and has held a market share of between 10% and 15% over the past five years. The market is dominated by a Brazilian producer that strongly influences market conditions. IAMGOLD's competitiveness in certain markets is also impacted by tariffs and duties imposed by governments. Nevertheless, steady market growth has enabled production and sales to expand. Growth in the use of niobium is expected to continue.

RESULTS OF OPERATIONS

Mining Interests

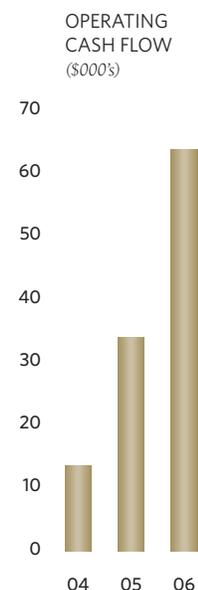
(\$ 000's)	2006					2005	2004
	Q1	Q2	Q3	Q4	Total	Total	Total
Revenues	\$ 42,751	\$ 70,528	\$ 63,654	\$ 119,027	\$ 295,960	\$ 119,393	\$ 112,663
Mining costs	20,622	29,100	30,621	76,732	157,075	79,288	69,333
Depreciation and depletion	6,105	11,644	10,178	17,826	45,753	20,605	20,592
Earnings from mining interests	16,024	29,784	22,855	24,469	93,132	19,500	22,738

Mining interests include the Company's proportionate share of assets, liabilities and results of operations from its joint venture interests in the Sadiola and Yatela mine and the financial position, results of operations from the 100% owned Mupane mine from April 1st, 2006, and results of operations from the 95% owned Rosebel mine and 100% owned Doyon, Sleeping Giant and Niobec mines from November 8, 2006.

The Company's 2006 consolidated mining revenues were 148% higher than 2005 and 163% higher than 2004. The increase in 2006 was attributable to an increase in the average gold price and an increase in attributable gold production. The production increases in 2006 were attributable to the acquisition of the Mupane, Rosebel, Doyon, Sleeping Giant and Niobec mines plus excellent performance from the Sadiola and Yatela mines. The average gold revenue recorded for all gold mines was \$608 per ounce in 2006 (2005 - \$447 per ounce; 2004 - \$408 per ounce). Average gold spot price in 2006 was \$603 per ounce (2005 - \$445 per ounce; 2004 - \$410 per ounce).

The Company's mining costs of \$157.1 million in 2006 were 98% and 126% higher than in 2005 and 2004 as a result of the increased production, the acquisition of mines and a general increase in the cost of supplies, fuel and labour used in production. Specifically, gold cash costs as defined by the Gold Institute increased to \$311 per ounce in 2006 compared to \$269 per ounce and \$260 per ounce in 2005 and in 2004.

In 2006, the Company expensed \$3.4 million (2005 - \$0.4 million and 2004 - \$0.1 million) for exploration at the mine level in accordance with the Company's accounting policies and have been included in mining costs. Exploration expenditures totaling \$2.2 million were capitalized at these mines in 2006 (2005 - \$1.0 million).



Sadiola Mine (IAMGOLD interest – 38%)

Summarized Results

100% Basis

	2006					2005	2004
	Q1	Q2	Q3	Q4	Total	Total	Total
Waste mined (000t)	3,270	4,416	4,084	5,484	17,255	12,950	8,910
Marginal ore mined (000t)	206	154	130	228	717	810	1,000
Ore mined (000t)	1,546	1,324	1,007	1,583	5,460	5,570	5,630
Total material mined (000t)	5,022	5,894	5,221	7,295	23,433	19,330	15,540
Strip ratio*	2.3	3.5	4.1	3.6	3.3	2.5	1.8
Ore milled (000t)	1,110	1,210	1,320	1,181	4,821	5,030	5,150
Head grade (g/t)	3.5	4.2	3.1	4.9	3.9	3.2	3.8
Recovery (%)	88	85	93	77	86	86	76
Gold production - 100%							
(000's oz)	111	136	121	131	499	442	458
Gold sales - 100% (000's oz)	111	131	127	127	496	445	458
Gold revenue (\$/oz)**	553	628	626	614	607	446	420
Direct cash costs (\$/oz)***	285	259	268	309	280	279	234
Production taxes (\$/oz)***	33	36	39	36	36	27	24
Total cash costs (\$/oz)***	318	295	307	345	316	306	258
Cash cost adjustments (\$/oz)***	(45)	(38)	(38)	(52)	(43)	(36)	(12)
GI cash costs (\$/oz)***	273	257	269	293	273	270	246

* Strip ratio is calculated as waste plus marginal ore divided by full-grade ore.

** Gold revenue is calculated as gold sales divided by ounces of gold sold.

*** Cash cost per ounce is a non-GAAP measure. Please refer to the Supplemental Information attached to the MD&A for reconciliation to GAAP.

Tonnages mined in 2006 were 21% higher than 2005 due to better equipment availability and a clement rainy season. Ore mined was 2% lower in 2006 than 2005, while waste mined increased 33%. The resulting stripping ratio increased from 2.5 in 2005 to 3.3 in 2006. The head grade of the ore provided to the mill was 22% higher in 2006 than 2005 due to the processing of more higher grade sulphide ores. In 2006, 38% of the mill feed was sulphide material versus 26% in 2005.

Direct cash costs in 2006, at \$140 million, were higher than the \$123 million recorded during 2005 while unit costs were essentially unchanged. This is a result of the higher production achieved in 2006 and a change in the oxide/sulphide feed ratio to the mill. Sulphide ores are generally higher grade than oxide ores, but are also more costly to process. The ratio of sulphides fed to the mill in 2006 was higher than the 2005 ratio. The cash cost per ounce at \$273 was marginally higher than the \$270 in 2005 due to the higher costs which were mainly offset by the higher gold production.

During 2006 metallurgical test work was completed on the deep sulphide ore as part of the pre-feasibility study. Preliminary results show that gold recoveries of 75% are possible using a combination of gravity recovery and cyanidation, which is an improvement from the 65% gold recovery obtained in earlier testwork. Work will continue in 2007 on improving the metallurgical process in order to complete a full feasibility study on deep sulphides in 2007. Diamond drilling for the deep sulphides continued in 2006 to increase drilling density of the higher grade footwall bands in order to convert material currently classified as inferred resources into the indicated category. This drilling will continue in 2007.

Additions to capital assets at Sadiola amounted to \$10.3 million for 2006 which was 47% lower than spending in 2005. The main areas of expenditures were additional fleet mobilization charges, brownfields exploration and mining contract renewal costs.

Profit distributions of \$87.5 million were made by Sadiola during 2006, with IAMGOLD's share being \$33.2 million.

For 2007, production at Sadiola is expected to be lower at 445,000 ounces at a cash cost of \$360 per ounce. Production is decreasing due to lower grades of oxide material scheduled to be processed and lower gold recovery from the sulphide ore, while costs are increasing due to the higher cost of processing more sulphide ore and higher mining volume scheduled to be mined. Capital for 2007 is estimated to increase to \$18 million and will be spent on the deep sulphide feasibility study and deep sulphide drilling, exploration at the satellite pits, installation of a gravity circuit in the plant and camp relocation costs.

Yatela Mine (IAMGOLD interest – 40%)

Summarized Results

100% Basis

	2006					2005	2004
	Q1	Q2	Q3	Q4	Total	Total	Total
Waste mined (000t)	2,028	2,358	3,245	4,001	11,633	11,550	15,700
Marginal ore mined (000t)	252	148	40	80	520	1,030	1,750
Ore mined (000t)	755	713	258	471	2,196	1,820	3,670
Total material mined (000t)	3,035	3,219	3,542	4,553	14,349	14,400	21,120
Strip ratio*	3.0	3.5	12.9	8.7	5.5	6.9	4.7
Ore crushed (000t)	820	810	670	907	3,205	3,150	2,870
Head grade (g/t)	4.5	4.9	3.0	3.9	4.1	3.0	3.4
Gold stacked (000/oz)	119	128	64	101	412	302	314
Gold production – 100% (000's oz)	82	100	84	85	352	247	242
Gold sales – 100% (000's oz)	87	100	84	83	354	245	241
Gold revenue (\$/oz)**	555	627	621	618	606	449	410
Direct cash costs (\$/oz)***	200	200	228	262	221	266	281
Production taxes (\$/oz)***	36	38	37	36	37	28	25
Total cash costs (\$/oz)***	236	238	264	298	258	294	306
Cash cost adjustments (\$/oz)***	(29)	(21)	(25)	(64)	(34)	(25)	(43)
GI cash costs (\$/oz)***	207	217	239	234	224	269	263

* Strip ratio is calculated as waste plus marginal ore divided by full-grade ore.

** Gold revenue is calculated as gold sales divided by ounces of gold sold.

*** Cash cost per ounce is a non-GAAP measure. Please refer to the Supplemental Information attached to the MD&A for reconciliation to GAAP.

Gold production for 2006 was 43% higher than 2005 at 352,000 ounces. The increase in gold production was the direct result of a 2% increase in the tonnes stacked and a 38% increase in the gold grade stacked. Tonnes mined in 2006 were similar to 2005, however 21% more ore was mined in 2006 than in 2005 due to fewer rain-associated delays during the 2006 rainy season and the mining of the KW18 satellite pit in 2006. A pit cutback of the main Yatela pit was approved in the first quarter of 2006 and stripping commenced in May. As a result of the pit deepening, the life of Yatela will be extended to 2010 rather than closing in 2007 as previously planned.

Direct cash costs for 2006 were \$78 million, which is more than the \$66 million recorded in 2005. The increase is primarily a result of the changes in production levels. Gold Institute cash costs of \$224 per ounce were 18% lower in 2006 as a result of higher gold production and improved performance on all fronts in 2006.

Capital expenditures at Yatela totaled \$2.4 million for 2006 which was a decrease from the \$6 million spent in 2005. Capital in 2006 was spent on the construction of a leach pad and repairs to the solution ponds.

In 2006, Yatela made its first profit distributions to its shareholders of \$51.0 million, with IAMGOLD's share being \$20.4 million. During the first half of 2006, Yatela made loan repayments of \$53.5 million, with IAMGOLD's share being \$19.4 million, resulting in the Yatela operations becoming debt free as of June 30, 2006. Effective July 4, 2006 Yatela became subject to income tax at a rate of 35% upon expiry of the five year income tax-free period and recorded \$13.3 million of current income tax expense for the year.

For 2007 gold production at Yatela is expected to decline 22% to 275,000 ounces at a cash cost of \$335 per ounce. The reduction in gold production is a result of less ore being mined from the pit and a resulting drop in stacked gold grade. Capital expenditures will increase to \$5 million for leach pad construction associated with the extended mine life.

Mupane Mine (IAMGOLD interest – 100%)

Summarized Results

100% Basis

	2006			Total
	Q2	Q3	Q4	
Waste mined (000t)	1,832	1,619	1,769	5,214
Marginal ore mined (000t)	70	79	55	205
Ore mined (000t)	284	231	218	733
Total material mined (000t)	2,167	1,928	2,036	6,152
Strip ratio*	6.7	7.4	8.4	7.4
Ore milled (000t)	240	220	228	687
Head grade (g/t)	3.3	3.0	3.6	3.3
Recovery (%)	87	89	90	89
Gold production - 100% (000's oz)	22	19	24	65
Gold sales - 100% (000's oz)	24	21	19	65
Gold revenue (\$/oz)**	591	589	618	598
Direct cash costs (\$/oz)***	401	497	503	466
Production taxes (\$/oz)***	30	34	26	30
Total cash costs (\$/oz)***	431	531	529	496
Cash cost adjustments (\$/oz)***	(36)	(12)	9	(13)
GI cash cost (\$/oz)***	395	519	538	483

* Strip ratio is calculated as waste plus marginal ore divided by full-grade ore.

** Gold revenue is calculated as gold sales divided by ounces of gold sold.

*** Cash cost per ounce is a non-GAAP measure. Please refer to the Supplemental Information attached to the MD&A for reconciliation to GAAP.

The financial results of Mupane have been incorporated into the Company's financial results from the date of acquisition of GGL, March 22, 2006.

As at December 31, 2006, the outstanding Mupane forward sales contracts acquired on acquisition of GGL were as follows:

Year	Forward Sales (oz)	Average Forward Price (US\$)	Liability (\$000's)
2007	77,776	402	16,439
2008	77,776	402	17,874
2009	43,888	407	10,472
Total	199,440	403	44,785

The Mupane forward sales contracts are accounted for as normal purchase and sales contracts whereby deliveries are recorded at their respective forward prices. On delivery of gold into the Mupane forward contracts, the related acquired liability is amortized and recorded into gold revenue. In 2006, during the period from March 22 to year end, 58,332 ounces of gold were delivered under forward sales contracts and 6,780 ounces were sold on a spot basis.

Gold revenue was \$39.0 million in 2006 and is comprised of the following:

<i>(in \$000's)</i>	2006
Forward sales contracts	23,470
Spot sales	4,171
Forward sales liability amortization	11,322
	<u>38,963</u>

Gold production for 2006 totaled 65,000 ounces. Tonnage milled in 2006 was lower than expected due to two factors, lower mill availability and increasing ore hardness. Mill availability was affected by a shutdown in the third quarter to change the ball mill pinion gear and several SAG mill motor changes in the fourth quarter. The hardness of the ore has increased as the mine moved into deeper fresh rock resulting in throughput in the mill falling to 80% of design capacity. Throughput was limited by the size of the installed motor on the SAG mill. The Company has not yet found a permanent solution to the situation and continues to operate with sub-optimal motors.

In 2006, six million tonnes were mined which was 25% less than plan. The shortfall in tonnes mined in 2006 was due to poor equipment availability, slower digging in the hard rock resulting in increased cycle times and limits on the drilling capacity. The contractor mobilized three additional trucks and two additional drills to site during the third quarter to overcome these problems.

A liquid oxygen supply was installed during the third quarter to resolve issues with sufficient oxygen available in leach circuit. A new oxygen plant has arrived on site during the first quarter 2007 and should be commissioned during the second quarter 2007.

Due to the underperformance of the Mupane facility over the last few quarters, a review of all aspects of the operation has been initiated.

Direct cash costs of \$30.0 million in 2006 were higher than expected. Costs were higher due to increased mining unit costs, increased labour rates and costs associated with repairs to the mills. Gold Institute cash costs for 2006 were \$483 per ounce. Costs will remain high during the first quarter 2007 as the mill throughput is restricted.

Capital expenditures for 2006 were \$1.5 million. This was spent on the purchase of the new oxygen plant, raising the tailings dam and on several smaller capital projects.

Bank debt of \$16.3 million was repaid during the year and call options were repurchased for \$3.4 million.

Production for 2007 is forecast to be 100,000 ounces at a cash cost of \$385 per ounce with capital expenditures of \$2.7 million.

Rosebel Mine (IAMGOLD interest – 95%)

Summarized Results

100% Basis

	2006
	Q4
<i>for the period November 8 to December 31</i>	
Waste mined (000t)	4,249
Ore mined (000t)	1,133
Total material mined (000t)	5,382
Strip ratio*	3.8
Ore milled (000t)	1,173
Head grade (g/t)	1.1
Recovery (%)	92
Gold production - 100% (000's oz)	40
Gold sales - 100% (000's oz)	43
Gold revenue (\$/oz)**	625
Direct cash costs (\$/oz)***	358
Royalties (\$/oz)***	58
Total cash costs (\$/oz)***	416
GI cash cost (\$/oz)***	<u>416</u>

* Strip ratio is calculated as waste plus marginal ore divided by full grade ore.

** Gold revenue is calculated as gold sales divided by ounces of gold sold.

*** Cash cost per ounce is a non-GAAP measure. Please refer to the Supplemental Information attached to the MD&A for reconciliation to GAAP.

The Rosebel mine is located in Suriname, South America, approximately 100 km south of Paramaribo, the country's capital. The mine has been in production since February 2004. IAMGOLD holds 95% of the participating share capital of Rosebel Gold Mines NV, the Surinamese company that holds the interest. The Republic of Suriname holds the remaining 5%.

During 2006, the Rosebel mine produced 300,700 ounces of gold. The production attributable to IAMGOLD subsequent to November 8, 2006 is 38,000 ounces at a Gold Institute cash cost of \$416 per ounce.

Rosebel's production is subject to royalties and a price participation right, payable as follows:

To Grassalco (a state-owned entity): 2% of gold produced, plus 6.5% of the market price in excess of \$425 per ounce using the average market price for a given quarter.

To a foundation that promotes local development of natural resources in Suriname, a royalty of 0.25% of all minerals produced.

As consideration for the acquisition of the residual 50% interest in Rosebel in May 2002, a price participation right of 10% of the average quarterly market price in excess of \$300 per ounce on gold production from soft and transitional ore, and in excess of \$350 per ounce from hard rock ore.

Capital expenditures amounted to \$5.9 million since the acquisition to year end for drills, dozers, tailings and exploration.

For 2007, Rosebel is expected to produce 255,000 ounces of gold at a cash cost of \$435 per ounce as defined by the Gold Institute. This cash cost includes all of the above royalties.

Doyon Division (IAMGOLD interest – 100%)

Summarized Results

100% Basis

	2006
	Q4
Tonnes hoisted (000t)	102
Ore milled (000t)	114
Head grade (g/t)	6.7
Recovery (%)	96
Gold production - 100% (000's oz)	23
Gold sales - 100% (000's oz)	23
Gold revenue (\$/oz)*	629
Direct cash costs (\$/oz)**	403
Royalties (\$/oz)**	48
Total cash costs (\$/oz)**	451
GI cash cost (\$/oz)**	<u>451</u>

* Gold revenue is calculated as gold sales divided by ounces of gold sold.

** Cash cost per ounce is a non-GAAP measure. Please refer to the Supplemental Information attached to the MD&A for reconciliation to GAAP.

The Doyon Division comprises two adjacent underground mines, Doyon and Mouska, located approximately 40 kilometres east of Rouyn-Noranda, in the Province of Quebec, Canada. The Doyon property covers an area of approximately 2,870 hectares on the prolific Cadillac-Bousquet gold belt in the Abitibi region.

In operation since 1980, the Doyon mine produced its 5,000,000th ounce in January 2006. In 1998, Cambior purchased 50% of Doyon from Barrick Gold Corporation. As part of the purchase consideration, a 24.75% price participation right is payable on the price exceeding an average annual market price of \$375 per ounce.

The Doyon and Mouska mines benefit from operating synergies. Mouska production is being trucked four kilometres and processed at the Doyon mill. Mouska production is subject to royalties totaling 2.2% of the value of gold production.

During 2006, the Doyon Division produced 153,000 ounces of gold. The production attributable to IAMGOLD after the date of acquisition was 23,000 ounces at a Gold Institute cash cost of \$451 per ounce.

Capital expenditures amounted to \$1.5 million since the acquisition date and consisted mainly of underground infrastructure and development.

For 2007, the Doyon Division is expected to produce 140,000 ounces of gold at a cash cost, as defined by the Gold Institute of \$460 per ounce.

Westwood Project

The Westwood project is located 2.5 kilometres east of the Doyon mine. From November 8th until December 31st 2006, the development of the exploration drift towards the Westwood deposit continued with an advance of 157 metres compared to 131 metres planned. The initial drill program was planned using only two drills, however the results obtained from the 2006 program justified the addition of two more drills at the end of the year. Total expenditures from the date of acquisition were \$0.9 million.

Sleeping Giant Mine (IAMGOLD interest – 100%)

Summarized Results

100% Basis

	2006
	Q4
Tonnes hoisted (000t)	21
Ore milled (000t)	22
Head grade (g/t)	11.1
Recovery (%)	97
Gold production - 100% (000's oz)	8
Gold sales - 100% (000's oz)	8
Gold revenue (\$/oz)*	629
Direct cash costs (\$/oz)**	429
Total cash costs (\$/oz)**	429
Stockpile adjustments (\$/oz)**	17
GI cash cost (\$/oz)**	<u>446</u>

* Gold revenue is calculated as gold sales divided by ounces of gold sold.

** Cash cost per ounce is a non-GAAP measure. Please refer to the Supplemental Information attached to the MD&A for reconciliation to GAAP.

The Sleeping Giant mine is located in northwestern Quebec, approximately 80 kilometres north of Amos. It is a high-grade, vein-type, underground gold mine.

During 2006, Sleeping Giant produced 46,000 ounces. The production attributable to IAMGOLD after the date of acquisition of November 8, 2006 was 8,000 ounces at a Gold Institute cash cost of \$446 per ounce.

Since the acquisition date, capital expenditures at Sleeping Giant totaled \$0.3 million, principally related to underground exploration and deferred development.

For 2007, Sleeping Giant is expected to produce 50,000 ounces of gold at a cash cost, as defined by the Gold Institute of \$380 per ounce.

Niobec Mine

The Niobec mine, in operation since 1976, is a reliable supplier of niobium, currently producing approximately 10% of the world consumption. Sales and production in 2006 were higher than in 2005 as a result of expansion/optimization work performed in 2005 and 2006. After the acquisition on November 8, 2006, a further \$1.0 million was invested to expand and optimize the plant. Additional amounts were also expended on sustaining capital and underground infrastructure development.

Sales for the period subsequent to the acquisition amounted to \$10.6 million.

Niobium revenues for 2007 are expected to be approximately \$75 million. Capital expenditures are estimated at \$17 million primarily for a new hoist and headframe in preparation for a shaft deepening program in 2008. Current reserves at Niobec are sufficient for another eleven years of production.

Omai Mine

The Omai open pit gold mine in Guyana was closed in September, 2005 following depletion of the reserves. During 2006 an exploration program was carried out to assess the potential for an underground operation at the site. Results of this program are currently being assessed. Closure activities associated with the depleted open pit mine continue.

Working Interests

	2006					2005	2004
	Q1	Q2	Q3	Q4	Total	Total	Total
Tarkwa	7,185	5,963	4,813	5,505	23,466	13,736	7,741
Damang	1,616	2,049	944	799	5,408	1,731	5,408
Earnings from working interests	8,801	8,012	5,757	6,304	28,874	15,467	13,149

The Company owns an 18.9% interest in each of two Ghanaian registered companies, Gold Fields Ghana Limited ("GFGL") and Abosso Goldfields Limited ("Abosso"). GFGL holds the mining and exploration permits for the Tarkwa mine in Ghana while Abosso holds the permits for the Damang mine, also in Ghana. Gold Fields Limited ("Gold Fields") owns a 71.1% interest in each of GFGL and Abosso and the Government of Ghana holds the remaining 10% interests in each mine. Gold Fields is the operator at both mines. In addition, the Company owns a 20.79% interest in the GFGL shareholder loans.

Earnings from working interests increased 87% and 120% from 2005 and 2004 mainly as a result of higher gold prices and a lower effective tax rate. This improvement is partially offset by an increase in cash costs at both mines. Costs for 2006 and 2005 include a non-cash and non-recurring increase to earnings relating to future taxes at Tarkwa and Damang of \$1.9 million and \$2.1 million (IMG share), respectively as a result of a general reduction of effective tax rates in Ghana from 29% to 25% in 2006 and 35% to 29% in 2005. Production at the mines decreased 2% relative to 2005 and increased 10% from 2004.

The Company's share of amortization and depreciation expense recorded in the determination of the above earnings was \$8.6 million (2005 - \$9.1 million; 2004 - \$7.2 million).

Tarkwa Mine (IAMGOLD interest – 18.9%)

Summarized Results

100% Basis

	2006					2005	2004
	Q1	Q2	Q3	Q4	Total	Total	Total
Waste mined (000t)	18,281	16,883	16,243	16,025	67,432	67,820	55,590
Marginal ore mined (000t)	137	136	208	114	594	950	930
Ore mined (000t)	5,431	5,071	5,202	5,230	20,933	20,710	17,740
Total material mined (000t)	23,850	22,090	21,650	21,639	88,959	89,480	74,260
Strip ratio*	3.4	3.4	3.2	3.1	3.3	3.3	3.2
Heap Leach:							
Ore crushed (000t)	4,370	4,260	4,200	4,230	17,066	16,450	16,160
Head grade (g/t)	1.2	1.2	1.1	1.1	1.2	1.2	1.3
Gold stacked (000's oz)	161	166	152	154	634	640	705
Recovery (%)	75	75	74	79	76	78	78
Gold production (000's oz)	120	120	110	110	461	493	525
Mill:							
Ore milled (000t)	1,300	1,110	1,330	1,350	5,088	4,610	850
Head grade (g/t)	1.7	1.7	1.5	1.7	1.7	1.7	1.7
Recovery (%)	97	97	97	97	97	98	96
Gold production (000's oz)	72	56	64	68	260	232	28
Total gold production & sales –							
100% (000's oz)	192	176	174	179	721	725	553
Gold revenue (\$/oz)**	552	626	623	611	602	443	411
Direct cash costs (\$/oz)**	289	328	347	344	327	258	249
Production taxes (\$/oz)**	17	19	19	18	18	13	12
Total cash costs (\$/oz)**	306	347	366	363	345	271	261
Gold-in-process adjustments							
(\$/oz)***	(2)	(8)	(3)	(23)	(9)	(3)	(11)
GI cash cost (\$/oz)**	304	339	363	340	336	268	250

* Strip ratio is calculated as waste plus marginal ore divided by full-grade ore.

** Gold revenue is calculated as gold sales, adjusted for hedge accounting, divided by ounces of gold sold.

*** Cash cost per ounce is a non-GAAP measure. Please refer to the Supplemental Information attached to the MD&A for reconciliation to GAAP.

Gold production in 2006 at 721,000 ounces was 0.6% lower than production in 2005. Total operational tonnage mined was also 0.6% lower in 2006. The decrease in mined tonnage was a result of heavy rains and increased maintenance downtime of the mining fleet in the second quarter of 2006 which slowed mining.

Direct cash costs for 2006 were \$235 million, which was higher than the \$187 million recorded in 2005. The increase in cash costs were the result of higher fuel costs, cyanide and cement costs as well as the additional costs of power generation in the third and fourth quarters of 2006. Mining fleet maintenance has also increased which added to the cash costs. Much of the mining fleet has reached the 12,000 hour level where the hourly maintenance costs jumps substantially. Regarding the power situation, Ghanaian companies were requested to reduce their power consumption by up to 50%, necessitating the need for Tarkwa to generate its own power. A new power station is being sourced to provide power to several mining

companies in Ghana, of which 22 MW would be available for Tarkwa and Damang. The power station is scheduled for commissioning in 2007. Gold Institute cash costs of \$336 per ounce in 2006 were 25% higher than 2005.

Capital expenditures were \$67 million during 2006. The majority of the capital was spent on expanding the North Heap Leach facility, purchasing a secondary mining fleet, work associated with the CIL plant expansion, including a down payment for a new ball mill, and capital waste mining at the Teberbie pit. Capital waste stripping is being carried out at Teberbie in order to provide sufficient hard feed for the CIL plant.

A decision was made in 2006 to expand the existing CIL plant to 12 million tonnes per annum and expand the North Heap Leach Facility to allow ongoing stacking operations. Capital for these two projects is \$126 million and \$49 million respectively.

Tarkwa made cash distributions in 2006 of \$140 million (2005 - \$75.0 million; 2004 - \$20 million) with IAMGOLD's share being \$28.9 million (2005 - \$15.2 million; 2004 - \$4.0 million). \$3.8 million (2005 - \$4.7 million; 2004 - \$1.9 million) of the amount was received as dividends, which is included in the Company's operating cash flow and the remaining \$25.1 million (2005 - \$10.5 million; 2004 - \$2.1 million) was received as a loan repayment, which is classified as an investing activity. Cash balances at Tarkwa as at December 31, 2006 were \$20.8 million (2005 - \$45.7 million). Future cash distributions will be dependent on timing of expenditures for the mill expansion and the North Heap Leach Facility.

For 2007, the Tarkwa mine is expected to produce 715,000 ounces at a Gold Institute cash cost of \$350 per ounce.

Damang Mine (IAMGOLD interest – 18.9%)

Summarized Results

100% Basis

	2006					2005	2004
	Q1	Q2	Q3	Q4	Total	Total	Total
Waste mined (000t)	3,276	3,374	4,269	4,555	15,474	11,840	7,450
Marginal ore mined (000t)	-	-	-	-	-	10	-
Ore mined (000t)	900	888	818	856	3,461	2,700	4,820
Total material mined (000t)	4,176	4,262	5,087	5,411	18,935	14,550	12,270
Strip ratio*	3.6	3.8	5.2	5.3	4.5	4.4	1.5
Waste mined							
- Pit cut back (000t)	2,570	2,430	2,370	2,859	10,232	3,540	-
Ore milled (000t)	1,380	1,300	1,320	1,326	5,321	5,170	5,390
Head grade (g/t)	1.5	1.4	1.2	1.3	1.4	1.5	1.9
Recovery (%)	93	93	93	93	93	92	90
Gold production & sales -							
100% (000's oz)	62	56	48	52	218	229	296
Gold revenue (\$/oz)*	550	628	622	612	601	445	407
Direct cash costs (\$/oz)**	317	342	406	434	371	315	210
Production taxes (\$/oz)**	17	19	19	18	18	13	12
Total cash costs (\$/oz)***	334	361	425	452	389	328	222
Gold-in-process adjustments							
(\$/oz)**	11	(11)	23	7	7	19	(1)
GI cash cost (\$/oz)**	345	350	448	459	396	347	221

* Strip ratio is calculated as waste plus marginal ore divided by full-grade ore.

** Gold revenue is calculated as gold sales, adjusted for hedge accounting, divided by ounces of gold sold.

*** Cash cost per ounce is a non-GAAP measure. Please refer to the Supplemental Information attached to the MD&A for reconciliation to GAAP.

Gold production in 2006 was 5% lower than production in 2005. The decrease in production is a direct result of lower milled grade. Gold head grade to the plant was 8% lower during 2006 at 1.4 g/t whilst milled tonnage increased 3%. The decrease in mill head grade is the result of the depletion of the Amoanda pit which provided higher grade fresh material to the mill. The depletion of this pit required lower grade surface stockpiles to be processed to maintain the optimal fresh to oxide blend in the mill. Operational tonnes mined increased in 2006 by 30% which was due to operational tonnage coming from the Damang Pit Cutback and higher mining rates in the Tomento pits. The operating strip ratio increased marginally in 2006 to 4.5 from 4.4 in 2005. More higher grade ore will become available in 2007 as the main Damang pit cutback proceeds.

Direct cash costs for 2006 were \$81 million, which is higher than the \$72 million recorded in 2005. Gold Institute cash costs increased to \$396 per ounce in 2006 due to increased waste mined, the additional cost of on-site power generation, higher consumable costs and the decrease in gold production.

Capital expenditures were \$30 million for 2006 versus \$15 million in 2005. Most of the capital in 2006 was spent on the Damang Pit Cutback and raising the East tailings storage facility.

Damang made profit distributions in 2006 of \$30.0 million (2005 - nil; 2004 - \$25.0 million), with IAMGOLD's share being \$5.7 million (2005 - nil; 2004 - \$4.7 million) and has been included in the Company's operating cash flow. Cash balances at Damang as of December 31, 2006 were \$17.3 million (2005 - \$41.0 million).

For 2007, the Damang mine is expected to produce 210,000 ounces of gold at a Gold Institute cash cost of \$435 per ounce.

Royalty Interests

On April 25, 2006, the Company sold the majority of its gold royalty interests to Battle Mountain Gold Exploration Corp. ("BMGX") for consideration of \$21.9 million consisting of cash, 12 million shares of BMGX and a \$2.0 million convertible debenture. Per the sale agreement, all royalty revenues accruing from the beginning of the year and attributable to the sold royalties were for the benefit of the purchaser. On completion of the sale, the book value of the Company's royalty interests were reduced by \$7.8 million and goodwill was reduced by \$12.9 million.

Revenues from royalty interests have decreased to \$7.4 million in 2006 compared to \$10.4 million in 2005 and \$9.2 million in 2004 because of the divestiture of most of the gold royalties. Royalty revenues are primarily derived from the Diavik royalty interest. Minor amounts are also received from the Magistral mine in Mexico from production from the rinsing of the leach pads.

Development Project

Camp Caiman Project

The Camp Caiman gold project is located about 45 kilometres southeast of Cayenne, the capital city of French Guiana, an overseas department of France located on the northeastern coast of South America between Brazil and Suriname. IAMGOLD holds a 30km² mining concession for the project, valid for a period of 25 years. The Feasibility Study for the project was completed in August 2005.

The Camp Caiman deposit contains probable mineral reserves of 12.3 million tonnes at a grade of 2.8 g Au/t, representing 1.1 million ounces in situ. This reserve base has the potential of being further enhanced by regional exploration.

The capital cost for the construction of the open-pit mining project was estimated at \$114.7 million. The capital cost could change depending on the timing of construction release, the prices of commodities such as steel, and the availability of equipment and construction manpower. The capital cost allows for the transfer of certain equipment from the Omai gold mine.

The project is in the permitting phase and with receipt of permits, construction could begin in the fall of 2007.

The construction schedule covers a period of 21 months following completion of the financing arrangements and the obtaining of operating permits. The Company also applied for financial incentives under the "Loi Girardin", which could reduce the capital cost by \$30-35 million and are non-reimbursable provided certain obligations are fulfilled.

The Company intends to fund the Camp Caiman development from its internal cash resources, government incentives and an increase in the term portion of the credit facility (see below).

Assets Held for Sale

In December 2004 Cambior entered into an agreement with the Co-operative Republic of Guyana to acquire the assets of a former bauxite producer in Guyana. During early 2005, Cambior focused on a rehabilitation program for this facility. Operations were restarted during 2005, and production reached 212,000 tonnes of high-alumina calcined bauxite ("RASC") for the year at essentially break-even cash flows.

With rising fuel prices and a need for significant further capital injections into the operation, Cambior made the strategic decision in mid-2006 to sell this facility. After IAMGOLD acquired Cambior in November, the process was continued. An agreement was reached on February 13, 2007 with Bosai Minerals Group Co. Ltd. ("Bosai") with an effective date of December 31, 2006 whereby Bosai would purchase the bauxite assets in a transaction that included the assumption of \$17.7 million of third party debt by Bosai. The net proceeds from the sale of \$28.5 million were received on March 21, 2007.

Assets and liabilities related to this sale have been classified as assets and liabilities held for sale. The statement of earnings discloses the results of these operations separately as results from discontinued operations which corresponds to net earnings of \$0.1 million for the 54 day period from November 8.

Exploration and Development

(\$000's)	2006					2005	2004
	Q1	Q2	Q3	Q4	Total	Total	Total
Mine exploration							
Capital	71	162	262	1,690	2,185	4,297	8,432
Expense	154	115	100	3,020	3,389	369	132
	225	277	362	4,710	5,574	4,666	8,564
Corporate exploration							
Capital	923	3,183	2,332	4,366	10,805	932	-
Expense	1,289	2,425	3,094	5,016	11,824	9,001	7,813
	2,212	5,608	5,426	9,382	22,628	9,933	7,813
Total exploration							
Capital	994	3,345	2,594	6,056	12,989	5,229	8,432
Expense	1,443	2,540	3,194	8,036	15,213	9,370	7,945
	2,437	5,885	5,788	14,092	28,202	14,599	16,377

During 2006, the Company spent \$22.6 million (2005 - \$10.0 million; 2004 - \$7.8 million) to advance various exploration properties in South America, Africa and Canada. Capitalized expenditures were recorded in Ecuador, Peru, Botswana, and Tanzania.

Expenditures on exploration and development activities at the Quimsacocha project in Ecuador and the Buckreef project in Tanzania are being capitalized. A total of \$9.2 million (2005 - \$1.0 million; 2004 - nil) was capitalized in 2006.

Argentina

Total exploration spending in 2006 was \$1.2 million (2005 - \$1.3 million; 2004 - \$1.7 million).

In 2005, Rio Negro and Santa Cruz provinces passed a regulatory ban on the use of cyanide within the provinces. In response the Company shifted the focus of Argentinean exploration activities away from the affected provinces and carried out extensive project generation work investigating both early and advanced stage opportunities in the Central Belt of San Juan and Cajamarca provinces. The Company continues to hold properties on the Los Menucos Project in Rio Negro Province, but the project was inactive in 2006.

Botswana

Exploration spending for IAMGOLD in 2006 was \$3.7 million.

Several exploration targets were drill tested, the more important being the Golden Eagle and other prospects on the Shashe mining lease, the Jim's Luck Joint Venture, potential extensions to mineralization on the existing Mupane Mine lease, and the Signal Hill resource. In total 33,500m of RC and diamond drilling was completed. \$1.4 million relating to amounts previously capitalized were written off in 2006.

Brazil

Total exploration spending in 2006 was \$1.9 million (2005 - \$1.0 million; 2004 - \$1.2 million).

Drill programs were carried out on the Caneleiras and Santa Marie projects in the southern State of Rio Grande do Sul, and the Cerro Vermelho and Mascarenhas targets in southeast Brazil. In total 4,200m of diamond drilling was completed. The Company continues to maintain the Gandarela Project in Minas Gerais State, and a majority stake in the Tocantins project, a Joint Venture with AngloGold Ashanti (Brazil). Both of the latter projects were inactive in 2006.

Canada

Exploration spending since November 8, 2006 was \$0.1 million.

Exploration work was directed at four properties in the Abitibi Belt of northwest Quebec. In the Matagami Camp a 2,551 metre drill program was completed on the Galinee-Newmont program in partnership with Metco Resources. Elsewhere, geophysics was completed on the Rouyn Merger property in the Noranda Camp, and target definition and planning were carried out on the Gemini-Turgeon, Estrees-Caribou, and Val-d'Or Camp properties. In the James Bay area, additional claims were added to the existing property positions.

Ecuador

Total exploration spending in 2006 was \$6.2 million (2005 - \$5.2 million; 2004 - \$2.7 million).

At IAMGOLD's 100% owned Quimsacocha property, 16,860m of diamond drilling was completed on the Loma Larga resource. Gold, copper and silver mineralization has been intersected in thick, sub-horizontal layers and in narrow, sub-vertical zones. This mineralization has been shown to exist beneath an area of at least 1,500m by 500m, and an on-going drill program continues to define the limits of mineralization.

Exploration consisting of 2,612m of drilling outside the Loma Larga resource block identified three zones of interest that will be pursued in 2007: Quimsacocha Oeste, Rio Falso Sur, and Loma Tasqui. Both Quimsacocha Oeste and Loma Tasqui returned promising drill results during the year, and will be considered priority targets in 2007.

Starting in 2005, exploration and development costs within the Quimsacocha resource block were capitalized.

French Guiana

Exploration spending since November 8, 2006 was \$0.2 million.

Exploration activities, comprised chiefly of geological and geochemical surveys, with minor trenching, were Sainte-Marie, Maripa, Crique Veoux and Changement exploration permits. In addition, relogging and reinterpretation of the geology of the Camp Caiman mineralization were ongoing.

Guyana

Exploration spending since November 8, 2006 was \$1.8 million.

Exploration field activities were directed at the Eagle Mountain property, located 30 km from the Omai Mine. A program of surface mapping, sampling, and road improvements was directed at a zone of known gold mineralization that had been last drilled in 1999.

Peru

Exploration spending for IAMGOLD in 2006 was \$1.2 million.

Exploration activities were directed principally at the Company's wholly-owned La Arena project in northern Peru. The work program included technical studies, environment monitoring, and negotiation of key surface rights. Elsewhere a limited field program was carried out on the Cajabamba project in northern Peru.

Senegal

Total exploration spending in 2006 was \$1.6 million (2005 - \$1.9 million; 2004 - \$1.3 million).

The 2006 program was designed to compile, review and reinterpret historic data from the Company's properties in an attempt to refine the geologic understanding of the controls of mineralization within the Bambadji structural trend. To assist with defining new targets, an extensive trenching and geochemical sampling program was carried out over six zones in the Bambadji Corridor, and the Boto zone. In addition, a large scale VLF geophysical survey was completed.

Tanzania

Exploration spending for IAMGOLD in 2006 was \$5.2 million.

Work in Tanzania was directed almost entirely to exploration and evaluation of the Buckreef Project. Early in 2006, the Company commenced a 229 hole program on the Busolwa-Buziba zone of the Buckreef Project, and at year end 12,700 metres of RC drilling had been completed in 101 holes with a further 2000 metres of diamond drilling. Regional exploration on the large accompanying land package consisted of testing of existing soil geochemical anomalies and geophysical targets by means of aircore drilling. Some 12,400 metres of aircore drilling were completed by end of 2006.

Corporate Administration

Corporate administration expenses in 2006 were \$18.9 million (2005 - \$9.6 million; 2004 - \$8.1 million). The increase is primarily due to the acquisitions of Gallery Gold and Cambior which has resulted in a significant increase to corporate activities and staffing levels as the Company transforms into an operating company. Expenses in 2006 include \$2.9 million (2005 - \$1.1 million; 2004 - \$1.6 million) of non-cash charges related to expensing of share options granted to employees. Costs relating to the acquisition of Gallery Gold and Cambior in 2006 totaled \$7.4 million and were included in the purchase price adjustment.

Cash Flow

Operating cash flow was \$64.0 million for 2006 compared to \$28.8 million and \$11.6 million for 2005 and 2004 respectively. The increase in operating cash flow is a result of improved performances at the Sadiola and Yatela operations, increased gold prices and increased production and the inclusion of results from the Cambior operations from November 8, 2006. This increase is partially offset by the payment of payables acquired from Cambior and increases in ore stockpiles at Sadiola, Yatela and Mupane.

Financing cash flow was negative \$18.0 million in 2006 compared to negative \$4.8 million and negative \$6.8 million for 2005 and 2004 respectively. The 2006 figure is primarily attributable to \$17.4 million in net debt repayments at Mupane, Yatela and corporate and the repurchase of call options on Mupane gold production for \$3.4 million.

Investing cash flow was \$11.6 million compared to negative \$15.6 million and negative \$10.8 million for 2005 and 2004 respectively. The increase in cash flow for 2006 is mainly a result of loan repayments received from Tarkwa of \$25.1 million (2005 - \$10.5 million; 2004 - negative \$26.1 million) and proceeds from the sale of royalties and marketable securities of \$14.8 million in 2006. Capital expenditures at the Company's operations were \$15.0 million during 2006.

Discretionary cash and short-term deposits increased by \$40.6 million (2005 - \$27.1 million; 2004 - \$26.9 million decrease). Items that affect discretionary cash and are not presented in the Company's cash flow relate to distributions received from the Company's joint ventures and working interests and are as follows:

(\$000's)	2006	2005	2004
Tarkwa cash receipts (disbursements)	28,880	15,181	(24,246)
Damang cash receipts	5,670	-	4,725
Sadiola cash receipts	33,250	11,780	17,100
Yatela cash receipts, net of repayments to AngloGold Ashanti	39,807	9,865	-
	<u>107,607</u>	<u>36,826</u>	<u>(2,421)</u>

LIQUIDITY AND CAPITAL RESOURCES

The Company's cash, short-term deposit and bullion position totaled \$218.3 million at year end 2006 with bullion valued at year end market prices. This amount coupled with expected credit facilities currently under negotiation provides the Company with a high level of liquidity and capital resources, more than sufficient to fund its known commitments.

Working Capital

December 31,	2006	2005
Working Capital (\$000's)	102,056	114,527
Current Ratio	<u>1.5</u>	<u>5.0</u>

Cash and Short Term Deposits

December 31, (\$000's)	2006	2005
Discretionary cash and short term deposits	93,975	53,399
Joint venture cash	30,389	7,958
Total	<u>124,364</u>	<u>61,357</u>

Joint venture cash represents the Company's proportionate share of cash at the Sadiola and Yatela mines and forms part of the working capital at those operations. Cash balances exclude the Company's proportionate share of cash balances held at the Tarkwa and Damang mines which equate to \$3.9 million and \$3.3 million respectively as at December 31, 2006 and \$5.7 million and \$3.3 million respectively as at December 31, 2005.

Gold Bullion

At December 31, 2006, the accumulated gold bullion balance was 148,704 ounces at an average cost of \$330 per ounce for a total cost of \$49.0 million. The market value of the bullion was \$94.0 million using a December 31, 2006 gold price of \$632 per ounce (2005 - \$76.1 million; 2004 - \$63.9 million).

Credit Facility

Following the acquisition of Cambior on November 8, 2006, the Company assumed a credit facility consisting of a non-revolving term loan and a revolving credit facility.

The term loan balance outstanding as at November 8, 2006 was \$21.5 million. Subsequently, the Company made a scheduled repayment of \$3.5 million for a balance outstanding of \$18.0 million as at December 31, 2006.

The annual repayment schedule for the non-revolving term loan is as follows:

(\$000's)

2007	14,000
2008	4,000
	18,000

The revolving credit balance outstanding as at November 8, 2006 was \$5.0 million and included a letter of credit for \$0.5 million, and is to be fully repaid on September 30, 2008. Subsequently, the Company borrowed an additional \$9.0 million mainly for use towards employer's contribution to the defined benefit plan. The balance outstanding as at December 31, 2006 was \$14.0 million. After the year-end, the additional letters of credit for \$10.0 million were issued to guarantee asset retirement obligations.

The Company's interests in the Doyon, Mouska, Sleeping Giant, Niobec and Rosebel mines have been pledged as security for the credit facility. The Company is also subject to various covenants, financial ratios and prepayments in the event of future financings.

The interest margin on the credit facility is calculated at LIBOR plus a premium of 1.50%-2.25%, with the premium being determined based on a ratio of net debt to EBITDA.

In 2006, Cambior had also entered into a fully underwritten financing agreement with a group of lenders for a new \$125.0 million credit facility to repay amounts outstanding under the old credit facility and to fund further development of the Camp Caiman project. This facility is currently being renegotiated and is expected to close in the second quarter of 2007.

Gold sales and commitments

As at December 31, 2006, the Company's gold sales commitments assumed following the acquisition of Cambior were 56,420 ounces of gold to be delivered in 2007 at \$350 per ounce and the estimated fair value of \$16,392,000 was recognized on the balance sheet as they are treated as non-hedge instruments. The change in market value between the date of acquisition of Cambior and year-end was included in the earnings statement as a non-hedge derivative loss totaling \$195,000.

As at December 31, 2006, the Mupane sales contracts totaling 199,440 ounces of gold at a price of \$403 per ounce, are accounted for as normal purchase and sales contracts whereby deliveries are recorded at their respective forward prices. On delivery of gold into the forward contracts, the related acquired liability is amortized and recorded into gold revenue. During 2006, 58,332 ounces of gold were delivered under these forward sales contracts.

The estimated fair value of the Company's gold forward sales, calculated using forward rates considering market prices, interest rate, gold lease rate and volatilities, was as follows:

<i>December 31, (in \$000's)</i>	2006
Fair value of non-hedge derivatives (gold and foreign exchange) (Cambior)	\$ 16,409
Fair value of normal sales (Mupane)	53,040
Estimated mark-to-market value	69,449
Recognized on the balance sheet:	
Non-hedge derivatives (gold and foreign exchange) (Cambior)	16,409
Forward sales liability - Normal sales (Mupane)	44,785
	61,194
Off-balance sheet - net fair value of forwards	<u>8,255</u>

The Company also had 25,000 ounces of gold receivable as at December 31, 2006, valued at \$15.3 million related to the prior disposal of a project.

Contractual Obligations

A summary of the Company's contractual obligations is presented in tabular form below:

<i>(\$000's)</i>	Total	Payments due by period			After 5 yrs
		Less than 1 yr	1-3 yrs	4-5 yrs	
Long-term debt, including interest	40,546	30,459	9,468	580	39
Purchase obligations	11,824	11,824	-	-	-
Asset retirement obligations	54,484	7,782	9,969	16,853	19,880
Total contractual obligations	<u>106,854</u>	<u>50,065</u>	<u>19,437</u>	<u>17,433</u>	<u>19,919</u>

Long-Term Debt

On acquisition of Cambior on November 8, 2006, the Company assumed long-term debts composed of a credit facility (term loan and revolving credit facility), a balance of purchase price payable for the Camp Caiman project and other small debts. Subsequent to November 8, 2006, the Company made a scheduled reimbursement of \$3.5 million and borrowed an additional \$9.0 million, mainly for use towards employer contributions to the defined benefit plan.

On acquisition of Mupane, the Company assumed a debt of \$16.2 million which was repaid in June 2006.

The Yatela debt of \$6.9 million outstanding at the end of 2005, was repaid in 2006.

Purchase Obligations

The Company does not have any material direct purchase obligations except for Camp Caiman, and Niobec and Doyon mines totaling \$11.8 million. The major indirect obligations relate to board approved capital expenditures at the Sadiola and Yatela mines at the joint venture level. Any purchase contracts associated with these expenditures normally contain standard termination clauses which may reduce overall commitment level.

Asset Retirement Obligations

The amounts indicated in the table above are the Company's 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.

Related Party Transactions

During 2006, the Company obtained management and other services from companies controlled by a director and significant shareholder of the Company in the amount of \$352,000. During 2005 and 2004, the Company obtained management, office and other services from companies controlled by directors and significant shareholders of the Company in the amount of \$185,000 and \$189,000 respectively. These amounts are included in corporate administration expense.

Disclosure

As of the end of the fiscal year of IAMGOLD, an evaluation was carried out under the supervision of and with the participation of IAMGOLD's management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of disclosure controls and procedures. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the design and operation of disclosure controls and procedures were effective as of December 31, 2006, the end of the period covered by this report, to ensure that material information relating to IAMGOLD and its consolidated subsidiaries would be made known to them by others within those entities.

RISKS AND UNCERTAINTIES

IAMGOLD is subject to various financial and operational risks that could have a significant impact on profitability and levels of operating cash flow, as described below.

Financial Risks

Commodity Prices

Revenues depend on the market prices for the mine production. The gold market is highly volatile and is subject to various factors including political stability, general economic conditions, mine production, and intent of governments who own significant above-ground reserves.

The niobium marketplace is characterized by a dominant producer whose actions may affect the price. New entrants may affect the stability of the marketplace by engaging in a price discounting practice to gain initial market share.

Oil prices also affect costs, particularly at Rosebel due to the oil cost components of the power supply and fuel for the open-pit mining fleet.

All of the factors that determine gold, niobium, and oil prices are beyond the Company's control. The Company does not take any particular measures to protect itself against fluctuations in the commodities market.

Currency

Metal sales are transacted in US dollars. Movement in the Canadian dollar against the US dollar therefore has a direct impact on the Company's Canadian divisions and executive office cost base. International operations have exposure to currency, however a significant portion of each international operation's cost base is denominated in US dollars. From time to time, the Company enters into foreign exchange contracts to fix the exchange rate.

Access to Capital Markets

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 lender and investor interest in the Company and its projects. To ensure the availability of capital, the Company maintains a relationship with key financial participants and has an investor relations program to communicate with and inform institutional and retail investors, as well as other stakeholders.

Operational Risks

Mineral Reserves and Extractions

Reserves are statistical estimates of mineral content and ore based on limited information acquired through drilling and other sampling methods and require judgemental interpretations of geology. Successful extraction requires safe and efficient mining and processing. 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 also employs experienced mining engineers and a trained workforce to extract the ore from deposits.

Safety and Other Hazards

Mines may suffer rockbursts, groundfalls or slope failures and other natural or man-provoked incidents that could affect the mining of the ore. Mills and other infrastructure are industrial workplaces. To minimize risks in these areas, the Company provides training programs for employees and has joint management-worker committees to review work practices and environment.

Energy

Operations consume significant amounts of energy, and are dependent on suppliers to meet these energy needs. In some cases, no alternative source of energy is available.

Labour and Strikes

The Company is dependent on its workforce to extract and process minerals. The Company has programs to recruit and train the necessary manpower for its operations, and endeavours to maintain good relations with its workforce in order to minimize the possibility of strikes, lockouts and other stoppages at our work sites.

Communities

Surrounding communities may affect the mining operations through the restriction of access of supplies and workforce to the mine site. Active community outreach and development programs are maintained to mitigate the risk of blockades or other restrictive measures by the communities.

Environmental Hazard

Various environmental incidents can have a significant impact on operations. To mitigate these risks, the Company has implemented an ISO 14001-certified environmental management system that covers all aspects of the mining cycle. In high-risk areas, such as the design and operation of tailings dams, the Company contracts independent review boards to oversee design and ongoing operating practices and has emergency plans to deal with any incidents.

Political Risk

Operations, particularly those located in emerging countries, are subject to a number of political risks. Political risk insurance is maintained for some jurisdictions.

Operations in Mali, Guyana and Suriname are governed by mineral agreements that establish the terms and conditions under which affairs are conducted. These agreements are subject to international arbitration and cover a number of items, including: duration of mining licenses/operating permits; right to export production; labour matters; right to hold funds in foreign bank accounts and foreign currencies; taxation rates; and right to repatriate capital and profits.

The Company maintains active communications programs with host governmental authorities and the Canadian government.

Legislation

The Company is subject to continuously evolving legislation in the areas of labour, environment, land titles, mining practices and taxation. New legislation may have a negative impact on operations. The Company participates in a number of industry associations to monitor changing legislation and maintain a good dialogue with governmental authorities in that respect.

CRITICAL ACCOUNTING ESTIMATES

The Company's consolidated financial statements are prepared in conformity with Canadian generally accepted accounting principles ("Canadian GAAP"). The accounting policies for the purposes of Canadian GAAP are described in note 1 to the consolidated financial statements.

Preparation of the consolidated financial statements requires management to make estimates and assumptions. Management 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

A mineral reserve is a technical estimate of the amount of metal or mineral that can be economically extracted from a mineral deposit. Mineral reserve and mineral resource estimates are imprecise and depend heavily on geological interpretations and statistical inferences drawn from drilling and other data, which may prove to be unreliable. To determine the economics of extraction of the metal, reserve statements also require an estimate of the future price for the commodity in question and an estimate of the future cost of operations. A number of accounting estimates, as described below, are formulated from the reserve estimate.

Mining Assets, Working and Royalty Interests

The carrying amounts shown on the balance sheet for mining, working and royalty interests are regularly tested for impairment of value. The critical variables in performing these tests are the reserve estimates, the estimate of future commodity prices and the estimate of the future costs of operation. An interest is considered impaired if its estimated future cash flow generation ability is less than its carrying value. If an impairment is identified, the interest is written down to its fair value. Impairment tests have been performed on mining, working and royalty interests using an estimated long-term price for gold of \$500 per ounce. No interests were identified as impaired.

Impairment of Goodwill

The carrying value for the goodwill on the balance sheet is tested at least annually for impairment. Goodwill arising from the acquisition of Repadre in 2003 has been allocated to the Tarkwa/Damang and the gold royalty reporting units. Goodwill arising from the acquisition of GGL in March 2006 has been allocated to the Mupane, Buckreef and exploration reporting units. Goodwill arising from the acquisition of Cambior in November 2006 has been allocated to the Rosebel, Doyon, Sleeping Giant, Caiman and La Arena reporting units. The fair values of these reporting units are compared to the total carrying amount (including goodwill) of the respective reporting unit. If the total fair value exceeds the carrying value, goodwill is not considered to be impaired. If the total fair value is less than the carrying value, the fair values of the assets and liabilities within each reporting unit are estimated. The difference between the fair value of the assets and liabilities within the reporting unit and the fair value of the entire reporting unit represents the fair value of the goodwill of the reporting unit and this value is reduced if impaired. Any reduction is charged to earnings in the period in which the impairment is determined. No portion of goodwill was identified as impaired in 2006.

Depreciation, Amortization and Depletion

Depreciation, amortization and depletion of mining, working and royalty interests (other than equipment) is provided over the economic life of the mine or royalty interest on a units-of-production basis. Equipment at the mining operations is usually depreciated over its estimated useful life on a straight-line basis. The reserve and resource estimates for the operation in question are the prime determinants of the life of the mine and the units-of-production for that mine. In estimating the units-of-production, the nature of the orebody and the method of mining the orebody are taken into account. In general, an open-pit orebody where the mineralization is reasonably well defined is amortized over its proven and probable mineral reserves. An underground mine or open pit mine, where additional proven and probable mineral reserves are likely to be reported over the near to medium term, may be amortized over proven and probable mineral reserves and a portion of the mineralized material beyond proven and probable reserves. Changes in the estimate of mineral reserves will result in changes to the depreciation and amortization charges over the life of the operation.

Asset Retirement Obligations

The operating entities producing gold and niobium are obligated to decommission and rehabilitate those mine sites to an acceptable environmental standard as each operation reaches the point of final closure. Estimates of these costs have been made by personnel at the operations and these estimates are regularly reviewed and updated.

The undiscounted value of these obligations is currently estimated as follows:

(\$000's)

Doyon mine	30,036
Omai gold mine	1,787
Rosebel mine	3,108
Sleeping Giant mine	2,649
Niobec mine	2,219
Mupane mine	3,665
Sadiola mine	4,570
Yatela mine	5,152
Other mines	1,298
	<u>54,484</u>

The Company expects to fund these expenditures from operating cash flows, sale of residual equipment and accumulated deposits made with the government authorities. The planned disbursements for these outlays are as follows:

(\$000's)	2007	2008	2009	2010	2011	2012 onwards	Total
Outlays/year	7,782	5,760	4,204	8,190	8,663	19,880	54,484

At December 31, 2006, the Company has recorded a liability of \$47.5 million (2005 - \$7.5 million), representing the discounted value of these obligations.

The amounts estimated for Tarkwa and Damang are \$17.8 million (2005 - \$18.5 million) and \$3.1 million (2005 - \$4.4 million) respectively. The Company's share of amounts recorded at Tarkwa and Damang is not shown on the Company's balance sheet as these interests are equity accounted.

Income and Mining Taxes

At the close of each accounting period, the Company estimates a liability for future income and mining taxes. These taxes are primarily Canadian-based and arise from the difference between the book and the tax base of its assets and liabilities. As mining is capital intensive with long-lived assets, these future tax provisions can be significant. Future income and mining taxes are provided at expected future rates for such tax. In addition, Canadian GAAP requires the calculated liability for future income tax to be translated to the Company's reporting currency of US dollars at current rates of exchange for each reporting period. There is no certainty that future income tax rates and exchange rates will be consistent with current estimates. Changes in tax and exchange rates increase the volatility of the Company's earnings.

Employee Future Benefit Plans

On acquisition of Cambior, the Company assumed several defined contribution and final-pay defined benefit pension plans, as well as other post-retirement benefit plans for its employees. The obligations under these plans require estimates as described in Note 16 to the consolidated financial statements. These estimates are compiled by professional advisors based on market assumptions and in accordance with accepted practices. The total obligation is subject to change as these assumptions are modified.

At December 31, 2006, the Company had a pension funding deficit of \$1.8 million.

On December 31, 2006, the Company terminated the two final-pay benefit pension plans and replaced them with a defined contribution plan, triggering a curtailment in both plans as at December 31, 2006. A settlement for the pension plan for designated employees will occur in 2007 and was reflected in the purchase price equation. The actuarial liability payable under the settlement will be the sum of transfer values paid to some members and the premiums paid to insurers for the others.

CHANGES IN CANADIAN ACCOUNTING POLICIES

Financial Instruments, Comprehensive Income and Hedges

In April 2005, the CICA Accounting Standards Board (“AcSB”) issued the following new sections: Section 1530, “Comprehensive Income”, Section 3855, “Financial Instruments – Recognition and Measurement”, and Section 3865, “Hedges”. These standards, which are aimed at harmonizing Canadian and US rules, will be applicable for fiscal years beginning on or after October 1, 2006, effective January 1, 2007 for IAMGOLD.

Section 3855 “Financial Instruments – Recognition and Measurement”

One of the basic principles of Section 3855 is that fair value is the most relevant measure for financial instruments.

Financial assets, which include trade and loans receivable and investments in debt and equity securities, must be classified into one of four categories:

- Held-to-maturity investments (measured at cost);
- Loans and receivables (measured at amortized cost);
- Held for trading assets (measured at fair value with changes in fair value recognized in earnings immediately);
- Available-for-sale assets, including investments in equity securities, held-to-maturity investments that an entity elects to designate as being available for sale and any financial asset that does not fit into any other category (measured at fair value with changes in fair value accumulated in Other Comprehensive Income until the asset is sold).

Financial liabilities, which include long-term debt and other similar instruments, must be accounted for at amortized cost, except for those classified as held for trading, which must be measured at fair value.

The Company determined that the value of some of its other long-term assets, such as marketable securities, will be impacted by this new principle.

Section 1530 “Comprehensive Income”

According to Section 1530, comprehensive income is defined as net earnings and other comprehensive income and represents all changes in equity during a period, from transactions and events from non-owners sources. Other comprehensive income will include the cumulative translation adjustment account and unrealized gains/losses on financial assets which are classified as available-for-sale.

Section 3865 “Hedges”

Section 3865 includes the guidance on hedging relationships that was previously contained in AcG-13, “Hedging relationships”, such as that relating to the designation of hedging relationships and their documents and specifies how hedge accounting should be applied and identifies the information that should be disclosed. Since the Company does not use hedge accounting, there will not be any impact on the Company’s financial statements as at January 1, 2007. The gold receivable is considered to include an embedded derivative which will be measured at its fair value with changes in fair value recognized in earnings immediately. The Company is currently evaluating the impact of this recommendation for 2007.

Stripping Costs

On March 2, 2006, the CICA issued EIC-160 - "Stripping Costs Incurred in the Production Phase of a Mining Operation" which requires that stripping costs be expensed unless the stripping activity can be shown to represent a betterment to the mineral property which requires such costs be capitalized. Retroactive treatment may be applied. However, if not applied on a retroactive basis, any existing balance sheet amount relating to stripping costs represents the opening balance for the year of initial year of application. Any capitalized stripping costs or any opening existing balance should be amortized over the reserves that directly benefit from the stripping activity on a units of production basis. The application of this accounting treatment is required for fiscal years beginning on or after July 1, 2006. The Company intends to apply this accounting recommendation on a prospective basis.

FORWARD LOOKING STATEMENTS

Certain statements in this document constitute "forward looking statements" within the meaning of Section 27A of the US Securities Act of 1933 and Section 21E of the US Securities Exchange Act of 1943.

Such forward looking statements involve known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of the company to be materially different from the future results, performance or achievements expressed or implied by such forward looking statements. Such risks, uncertainties and other important factors include among others; economic, business and political conditions, decreases in the market, the price of gold, hazards associated with mining, labour disruptions, changes in government, exchange rates, currency devaluations, inflation and other macro-economic factors. These forward looking statements speak only as of the date of this document.

The company undertakes no obligation to update publicly or release any revisions to these forward looking statements to reflect events or circumstances after the date of this document or to reflect the occurrence of unanticipated events.

US 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 "resources" that are prescribed by Canadian regulatory policy and guidelines but are not provided for in the SEC guidelines on publications and filings.

IAMGOLD SUPPLEMENTAL INFORMATION TO THE MANAGEMENT'S DISCUSSION & ANALYSIS

NON-GAAP PERFORMANCE MEASURES

The Company has included cash cost per ounce data, which are non-GAAP performance measures, in order to provide investors with information about the cash generating capabilities and profitability of the Company's mining operations and comparability to other gold producers. The Company reports total cash cost per ounce wherein the cash cost equals the sum of operating costs inclusive of production-based taxes and management fees. The Company also reports Gold Institute ("GI") cash cost per ounce data in accordance with the Gold Institute Standard, which the Company believes most gold producers follow. GI cash cost equals total cash cost, as described previously, adjusted for the inclusion of certain cash costs incurred in prior periods relating to current period production or the exclusion of certain cash costs incurred in the current period related to future production such as stockpiling, gold in process and stripping costs. These measures differ from measures determined in accordance with GAAP and should not be considered in isolation or as a substitute for measures of performance or liquidity prepared in accordance with GAAP. These measures are not necessarily indicative of operating profit or cash flow from operations as determined under GAAP.

<i>(in \$000's except where noted)</i>	Q1	Q2	2006	Q4	Total	2005	2004
			Q3			Total	Total
Net earnings from mining operations							
100% Owned Mine							
Rosebel	-	-	-	(1,063)	(1,063)	-	-
Doyon	-	-	-	2,157	2,157	-	-
Sleeping Giant	-	-	-	(439)	(439)	-	-
Mupane	-	871	(1,351)	(2,441)	(2,921)	-	-
Joint ventures:							
Sadiola	4,463	10,545	9,734	10,280	35,022	8,233	12,472
Yatela	8,543	13,695	5,197	8,236	35,671	8,252	5,370
Working Interests:							
Tarkwa	7,185	5,963	4,813	5,505	23,466	13,736	7,740
Damang	1,616	2,049	944	798	5,408	1,732	5,409
As per segmented info note to FS	21,807	33,123	19,337	23,033	97,301	31,952	30,987

<i>(in \$000's except where noted)</i>	2006					2005	2004
	Q1	Q2	Q3	Q4	Total	Total	Total
Rosebel							
Gold revenue	-	-	-	26,974	26,974		
Mining costs:							
Total cash costs	-	-	-	(16,654)	(16,654)		
By-product credit	-	-	-	51	51		
Gold Institute cash costs	-	-	-	(16,603)	(16,603)	-	-
Change in bullion inventory	-	-	-	(3,083)	(3,083)	-	-
Exploration expensed	-	-	-	(241)	(241)	-	-
Foreign exchange and interest	-	-	-	(530)	(530)	-	-
Other non-cash adjustments	-	-	-	(23)	(23)	-	-
	-	-	-	(3,877)	(3,877)	-	-
Mining Costs	-	-	-	(20,480)	(20,480)	-	-
	-	-	-	6,494	6,494	-	-
Depreciation and depletion	-	-	-	(4,220)	(4,220)	-	-
Income taxes (recovery)	-	-	-	(3,127)	(3,127)	-	-
Non-controlling interest	-	-	-	(210)	(210)	-	-
Net Earnings	-	-	-	(1,063)	(1,063)	-	-
Gold production - 100% (000's oz)	-	-	-	40	40	-	-
Gold production - 95% (000's oz)	-	-	-	38	38	-	-
Cash Costs per oz	-	-	-	416	416	-	-
GI cash costs (US\$/oz)	-	-	-	416	416	-	-

<i>(in \$000's except where noted)</i>	2006					2005	2004
	Q1	Q2	Q3	Q4	Total	Total	Total
Doyon							
Gold revenue	-	-	-	14,267	14,267	-	-
Mining costs:	-	-	-				
Total cash costs	-	-	-	(10,568)	(10,568)	-	-
By-product credit	-	-	-	162	162	-	-
Stockpile movement	-	-	-	4	4	-	-
Gold Institute cash costs	-	-	-	(10,402)	(10,402)	-	-
Change in bullion inventory	-	-	-	80	80	-	-
Exploration expensed	-	-	-	(886)	(886)	-	-
Foreign exchange and interest	-	-	-	(90)	(90)	-	-
Other non-cash adjustments	-	-	-	(212)	(212)	-	-
	-	-	-	(1,108)	(1,108)	-	-
Mining costs	-	-	-	(11,510)	(11,510)	-	-
	-	-	-	2,757	2,757	-	-
Depreciation and depletion	-	-	-	(469)	(469)	-	-
Income taxes (recovery)	-	-	-	(131)	(131)	-	-
Net Earnings	-	-	-	2,157	2,157	-	-
Gold production (000's oz)	-	-	-	23	23	-	-
Cash Costs per oz	-	-	-	451	451	-	-
GI cash costs (US\$/oz)	-	-	-	451	451	-	-
Sleeping Giant							
Gold revenue	-	-	-	4,685	4,685	-	-
Mining costs:	-	-	-				
Total cash costs	-	-	-	(3,216)	(3,216)	-	-
By-product credit	-	-	-	95	95	-	-
Stockpile movement	-	-	-	(132)	(132)	-	-
Gold Institute cash costs	-	-	-	(3,253)	(3,253)	-	-
Change in bullion inventory	-	-	-	(110)	(110)	-	-
Foreign exchange and interest	-	-	-	(47)	(47)	-	-
Other non-cash adjustments	-	-	-	(23)	(23)	-	-
	-	-	-	(180)	(180)	-	-
Mining costs	-	-	-	(3,433)	(3,433)	-	-
	-	-	-	1,252	1,252	-	-
Depreciation and depletion	-	-	-	(1,638)	(1,638)	-	-
Income taxes (recovery)	-	-	-	(53)	(53)	-	-
Net Earnings	-	-	-	(439)	(439)	-	-
Gold production (000's oz)	-	-	-	8	8	-	-
Cash Costs per oz	-	-	-	429	429	-	-
GI cash costs (US\$/oz)	-	-	-	446	446	-	-

<i>(in \$000's except where noted)</i>	2006					2005	2004
	Q1	Q2	Q3	Q4	Total	Total	Total
Mupane						-	-
Gold revenue	-	14,351	12,595	12,017	38,963	-	-
Mining costs:					-	-	-
Total cash costs	-	(9,602)	(9,902)	(12,539)	(32,043)	-	-
Stockpile movement	-	801	217	(207)	811	-	-
Gold Institute cash costs	-	(8,801)	(9,685)	(12,746)	(31,232)	-	-
Change in bullion inventory	-	(678)	(236)	1,332	418	-	-
Exploration expensed	-	(60)	(90)	(128)	(278)	-	-
Foreign exchange and interest	-	(110)	(97)	23	(184)	-	-
Other non-cash adjustments	-	-	-	-	-	-	-
	-	(848)	(423)	1,227	(44)	-	-
Mining costs	-	(9,649)	(10,108)	(11,519)	(31,276)	-	-
	-	4,702	2,487	498	7,687	-	-
Depreciation and depletion	-	(4,243)	(3,648)	(4,453)	(12,344)	-	-
Other Expenses (Income)	-	-	-	-	-	-	-
Income taxes (recovery)	-	412	(190)	1,514	1,736	-	-
Net Earnings	-	871	(1,351)	(2,441)	(2,921)	-	-
Gold production (000's oz)	-	22	19	24	65	-	-
Cash Costs per oz	-	431	531	529	496	-	-
GI cash costs (US\$/oz)	-	395	519	538	483	-	-
Sadiola (38% proportionate share):							
Gold revenue	23,361	31,143	30,145	29,627	114,276	75,293	73,178
Mining costs:							
Total cash costs	(13,442)	(15,212)	(14,123)	(17,148)	(59,925)	(50,603)	(44,600)
Stockpile movement	1,897	1,946	1,204	2,746	7,793	6,081	57
Gold in process	-	-	574	(150)	424	-	-
Gold Institute cash costs	(11,545)	(13,266)	(12,345)	(14,552)	(51,708)	(44,522)	(44,543)
Change in bullion inventory	21	299	(264)	410	466	(153)	183
Exploration expensed	(145)	(53)	(9)	(3)	(210)	(369)	(86)
Foreign exchange and interest	(1,456)	439	161	1,565	709	(6,042)	(330)
Other non-cash adjustments	25	24	21	536	606	-	-
	(1,555)	709	(91)	2,508	1,571	(6,563)	(233)
Mining costs	(13,100)	(12,557)	(12,436)	(12,044)	(50,137)	(51,086)	(44,776)
	10,261	18,586	17,709	17,583	64,139	24,207	28,402
Depreciation and depletion	(2,521)	(3,113)	(2,786)	(3,223)	(11,643)	(12,588)	(10,781)
Income taxes (recovery)	(3,277)	(4,928)	(5,189)	(4,080)	(17,474)	(3,385)	(5,149)
Net Earnings	4,463	10,545	9,734	10,280	35,022	8,233	12,472
Gold production - 100% (000's oz)	111	136	121	131	499	442	459
Gold production - 38% (000's oz)	42	52	46	50	190	168	174
Cash Costs per oz	318	295	307	345	316	306	258
GI cash costs (US\$/oz)	273	257	269	293	273	270	258

<i>(in \$000's except where noted)</i>	2006					2005	2004
	Q1	Q2	Q3	Q4	Total	Total	Total
Yatela (40% proportionate share):							
Gold revenue	19,390	25,034	20,914	20,462	85,800	44,101	39,485
Mining costs:							
Total cash costs	(7,775)	(9,487)	(8,918)	(10,153)	(36,333)	(28,639)	(28,299)
Cash cost adjustments:							
Stockpile movement	1,175	835	250	(152)	2,108	(4,193)	4,053
Gold in process	738	1,163	(1,803)	510	608	(36)	1,369
Deferred stripping	(939)	(1,174)	2,408	1,799	2,094	6,751	(1,291)
	974	824	855	2,157	4,810	2,522	4,132
Gold Institute cash costs	(6,801)	(8,663)	(8,063)	(7,996)	(31,523)	(26,117)	(24,167)
Change in bullion inventory	(531)	-	-	304	(227)	(81)	(44)
Exploration expensed	(8)	(3)	-	-	(11)	-	(46)
Foreign exchange and interest	(358)	1,582	(205)	86	1,105	(1,634)	(47)
Other non-cash adjustments	176	190	191	184	741	-	-
	(721)	1,769	(14)	574	1,608	(1,715)	(137)
Mining costs	(7,522)	(6,894)	(8,077)	(7,422)	(29,915)	(27,832)	(24,304)
	11,868	18,140	12,837	13,040	55,885	16,269	15,181
Depreciation and depletion	(3,584)	(4,288)	(3,744)	(1,008)	(12,624)	(8,017)	(9,810)
Income taxes (recovery)	259	(157)	(3,896)	(3,796)	(7,590)	-	-
Net Earnings	8,543	13,695	5,197	8,236	35,671	8,252	5,370
Gold production - 100% (000's oz)	82	100	84	85	352	246	242
Gold production - 40% (000's oz)	33	40	34	34	141	98	97
Cash Costs per oz	236	238	265	298	258	294	306
GI cash costs (US\$/oz)	207	217	239	234	224	269	263
Tarkwa (18.9% proportionate share):							
Gold revenue	20,079	20,835	20,455	20,652	82,021	60,683	42,971
Mining costs:							
Total cash costs	(11,110)	(11,555)	(12,020)	(12,262)	(46,947)	(37,091)	(27,331)
Gold in process	65	280	121	756	1,222	366	1,155
Gold Institute cash costs	(11,045)	(11,275)	(11,899)	(11,506)	(45,725)	(36,725)	(26,176)
Change in bullion inventory	-	-	-	-	-	(39)	-
Interest and other income	(33)	40	(198)	62	(129)	434	216
Other non-cash adjustments	-	-	-	-	-	-	-
	(33)	40	(198)	62	(129)	(473)	(216)
Mining costs	(11,078)	(11,235)	(12,097)	(11,444)	(45,854)	(36,330)	(25,960)
	9,001	9,600	8,358	9,208	36,167	24,352	17,011
Depreciation and depletion	(1,984)	(1,776)	(1,862)	(1,876)	(7,498)	(7,692)	(4,974)
Income taxes (recovery)	168	(1,861)	(1,683)	(1,827)	(5,203)	(2,924)	(4,297)
Net Earnings	7,185	5,963	4,813	5,505	23,466	13,736	7,740
Gold production - 100% (000's oz)	192	176	174	179	721	725	553
Gold production - 18.9% (000's oz)	36	33	33	34	136	137	105
Cash Costs per oz	306	347	366	363	345	271	261
GI cash costs (US\$/oz)	304	339	363	340	336	268	250

<i>(in \$000's except where noted)</i>	2006					2005	2004
	Q1	Q2	Q3	Q4	Total	Total	Total
Damang (18.9% proportionate share):							
Gold revenue	6,447	6,611	5,699	5,971	24,728	19,287	22,799
Mining costs:							
Total cash costs	(3,916)	(3,805)	(3,897)	(4,407)	(16,025)	(14,238)	(12,427)
Gold in process	(128)	115	(209)	(70)	(292)	(825)	35
Gold Institute cash costs	(4,044)	(3,690)	(4,106)	(4,477)	(16,317)	(15,063)	(12,392)
Exploration expensed	(57)	(101)	(65)	(28)	(251)	(362)	(375)
Interest income (expense)	19	146	5	13	183	166	25
Other non-cash adjustments	-	-	-	-	-	-	-
	(38)	45	(60)	(15)	(68)	(196)	(350)
Mining costs	(4,082)	(3,645)	(4,166)	(4,492)	(16,385)	(15,259)	(12,742)
	2,365	2,966	1,533	1,479	8,343	4,028	10,058
Depreciation and depletion	(278)	(268)	(247)	(316)	(1,109)	(1,436)	(2,550)
Income taxes (recovery)	(471)	(649)	(341)	(365)	(1,826)	(861)	(2,099)
Net Earnings	1,616	2,049	945	798	5,408	1,732	5,409
Gold production - 100% (000's oz)	62	56	48	52	218	230	296
Gold production - 18.9% (000's oz)	12	11	9	10	41	43	56
Cash Costs per oz	334	361	425	452	389	328	222
GI cash costs (US\$/oz)	345	350	448	459	396	347	221
Total mining operations							
Gold revenue	69,277	97,974	89,808	134,655	391,714	199,363	178,434
By-product credits	-	-	-	309	309	-	-
Revenue	69,277	97,974	89,808	134,964	392,023	199,363	178,434
Mining costs:							
Total cash costs	(36,243)	(49,661)	(48,860)	(86,947)	(221,711)	(130,572)	(112,656)
Total cash adjustments	2,808	3,966	2,762	5,412	14,948	8,143	5,378
Gold Institute cash costs	(33,435)	(45,695)	(46,098)	(81,535)	(206,763)	(122,428)	(107,278)
Other	(2,347)	1,715	(786)	(809)	(2,227)	(9,279)	(986)
Mining costs	(35,782)	(43,980)	(46,884)	(82,344)	(208,990)	(131,707)	(108,264)
Mining costs - OMAI	-	-	-	(2,259)	(2,259)	-	-
By-product credits	-	-	-	(309)	(309)	-	-
Mining costs	(35,782)	(43,980)	(46,884)	(84,912)	(211,558)	(131,707)	(108,264)
	33,495	53,994	42,924	50,052	180,465	67,656	70,169
Depreciation	(8,367)	(13,688)	(12,287)	(17,203)	(51,545)	(29,733)	(28,116)
Income taxes	(3,321)	(7,183)	(11,299)	(11,865)	(33,668)	(7,170)	(11,545)
Non-controlling interest				(210)	(210)		
Net earnings from all mines	21,807	33,123	19,338	20,774	95,042	30,753	30,509
Attributable Production (000's oz)	123	158	140	219	642	447	432
Weighted average total cash costs per ounce (\$/oz)	294	315	348	389	344	295	265
Weighted average Gold Institute cash costs per ounce (\$/oz)	271	290	329	369	322	276	248

IAMGOLD MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

To the Shareholders and Directors of IAMGOLD Corporation

The accompanying consolidated financial statements of IAMGOLD Corporation, their presentation and the information contained in the annual report, including information determined by specialists, are the responsibility of the management of the Company. 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 report 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 the 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 issues. 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.



JOSEPH F. CONWAY
Chief Executive Officer

March 30, 2007



GRANT A. EDEY
Chief Financial Officer

March 30, 2007

AUDITORS' REPORT

To the Shareholders of IAMGOLD Corporation

We have audited the consolidated balance sheets of IAMGOLD Corporation (the "Company") as at December 31, 2006 and 2005 and the consolidated statements of earnings and retained earnings and cash flows for each of the years in the three-year period ended December 31, 2006. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2006 and 2005 and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2006 in accordance with Canadian generally accepted accounting principles.

The logo for KPMG LLP, featuring the letters 'KPMG' in a bold, sans-serif font, followed by 'LLP' in a smaller font. A horizontal line is drawn underneath the text.

CHARTERED ACCOUNTANTS
Toronto, Canada

March 30, 2007

IAMGOLD CONSOLIDATED BALANCE SHEETS

(Expressed in thousands of US dollars)

December 31,

ASSETS

Current Assets:

	2006	2005
Cash and cash equivalents	\$ 101,500	\$ 45,534
Short term deposits	22,864	15,823
Gold bullion (market value \$93,981; December 31, 2005 \$76,139) (note 4)	49,012	48,840
Receivables and other current assets	65,942	20,267
Inventories (note 5)	61,325	12,825
Current assets held for sale (note 3)	17,924	-
	318,567	143,289
Other long-term assets (note 6)	83,844	34,888
Working interests (note 7)	87,086	92,762
Royalty interests (note 8)	39,786	51,482
Mining assets (note 9)	956,359	70,716
Exploration and development (note 10)	294,893	962
Goodwill (note 11)	464,975	74,886
Long-term assets held for sale (note 3)	33,166	-
	2,278,676	468,985

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities:

Accounts payable and accrued liabilities	119,741	19,892
Dividends payable	17,570	8,870
Current portion of long-term liabilities (note 12)	69,960	-
Current liabilities relating to assets held for sale (note 3)	9,240	-
	216,511	28,762

Long-term liabilities:

Long-term debt (note 13)	9,625	6,924
Future income and mining tax liability (note 14)	185,015	14,791
Asset retirement obligations (note 15)	39,933	7,506
Accrued benefit liability (note 16)	6,321	-
Long-term portion of forward sales liability (note 21)	28,346	-
Long-term liabilities relating to assets held for sale (note 3)	15,862	-
	285,102	29,221

Non-controlling interest

	3,712	-
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Shareholders' equity:

Common shares (note 17)	1,625,994	352,606
Stock-based compensation (note 17)	19,153	4,671
Warrants (note 17)	24,403	-
Share purchase loans (note 18)	(295)	(296)
Retained earnings	108,932	54,021
Cumulative translation adjustment	(4,836)	-
	1,773,351	411,002
	2,278,676	468,985

Contingencies and commitments (note 21)

Subsequent events (notes 3, 13 (a) and 15)

See accompanying notes to the consolidated financial statements

On behalf of the Board:



WILLIAM D. PUGLIESE
Director



JOSEPH F. CONWAY
Director

CONSOLIDATED STATEMENTS OF EARNINGS & RETAINED EARNINGS

(Expressed in thousands of US dollars, except per share amounts)

Years ended December 31,	2006	2005	2004
Revenues	\$ 303,345	\$ 129,774	\$ 121,872
Expenses:			
Mining costs, excluding depreciation and depletion	157,075	78,918	69,080
Depreciation, depletion and amortization	49,664	26,342	25,814
	206,739	105,260	94,894
	96,606	24,514	26,978
Earnings from working interests (note 7)	28,874	15,467	13,149
	125,480	39,981	40,127
Other expenses (income):			
Corporate administration	18,981	9,179	8,506
Corporate transaction costs	-	172	11,224
Exploration and development	11,824	9,001	7,813
Writedowns	1,582	-	405
Foreign exchange	(55)	187	2,595
Investment income	(4,219)	(710)	(1,791)
Non-controlling interest	210	-	-
	28,323	17,829	28,752
Earnings before income and mining taxes	97,157	22,152	11,375
Income and mining taxes (recovery): (note 14)			
Current taxes	22,504	5,907	3,689
Future taxes	2,265	(4,249)	(3,923)
	24,769	1,658	(234)
Net earnings from continuing operations	72,388	20,494	11,609
Net earnings from discontinued operations, net of tax (note 3)	93	-	-
Net earnings	72,481	20,494	11,609
Retained earnings, beginning of year	54,021	42,397	38,064
Dividends	(17,570)	(8,870)	(7,276)
Retained earnings, end of year	108,932	54,021	42,397
Weighted average number of common shares outstanding (000's)			
Basic	186,485	146,650	145,592
Diluted	187,655	147,893	147,567
Basic and diluted net earnings from continuing operations per share	0.39	0.14	0.08
Basic and diluted net earnings per share	0.39	0.14	0.08

See accompanying notes to the consolidated financial statements.

IAMGOLD CONSOLIDATED STATEMENTS OF CASH FLOWS

(Expressed in thousands of US dollars)

Years ended December 31,

	2006	2005	2004
Operating activities:			
Net earnings from continuing operations	72,388	20,494	11,609
Items not affecting cash:			
Earnings from working interests, net of dividends	(19,424)	(10,743)	(6,534)
Depreciation, depletion and amortization	50,240	26,445	25,814
Amortization of forward sales liability	(11,322)	-	-
Writedowns	1,707	-	318
Deferred revenue	-	-	(1,655)
Future income and mining taxes	2,265	(4,249)	(3,923)
Stock-based compensation	3,016	1,237	1,577
Gain on non-hedge derivatives and sale of royalty interests and other assets	(1,208)	-	(1,120)
Unrealized foreign exchange losses	(622)	585	1,492
Accretion expenses - asset retirement obligations, net of disbursements	609	127	298
Non-controlling interest	210	-	-
Contribution to pension fund	(7,168)	-	-
Change in non-cash current working capital	(15,481)	4,402	(11,778)
Change in non-cash long-term working capital	(11,219)	(9,484)	(4,517)
	63,991	28,814	11,581
Financing activities:			
Issue of common shares, net of issue costs (note 17 (a))	11,524	6,440	1,108
Dividends paid	(8,870)	(7,276)	(6,725)
Proceeds from debt drawdowns (note 13)	9,031	-	-
Repayment of long-term debt (note 13)	(26,350)	(3,960)	(1,207)
Repurchase of call options	(3,363)	-	-
	(18,028)	(4,796)	(6,824)
Investing activities:			
Mining assets	(15,012)	(9,919)	(9,000)
Exploration and development	(10,802)	(962)	-
Note receivable	4,475	2,136	24
Distributions received from (paid to) working interests	25,100	10,457	(26,136)
Gold bullion royalties	(172)	(784)	(773)
Gold receivable (note 21 (a))	3,890	-	-
Short-term deposits	(7,040)	(15,595)	23,265
Other assets	(2,829)	(229)	1,833
Transaction costs and settlement of options, net of cash acquired from GGL and Cambior (note 2)	(877)	(740)	-
Proceeds from sale of royalty interests and marketable securities	14,849	-	-
	11,582	(15,636)	(10,787)
Increase (decrease) in cash and cash equivalents from continuing operations	57,545	8,382	(6,030)
Decrease in cash and cash equivalents from discontinued operations (note 3)	(1,579)	-	-
Net increase (decrease) in cash and cash equivalents	55,966	8,382	(6,030)
Cash and cash equivalents, beginning of year	45,534	37,152	43,182
Cash and cash equivalents, end of year	101,500	45,534	37,152
Supplemental cash flow information:			
Interest paid	665	78	142
Income taxes paid	25,240	5,907	3,893

See accompanying notes to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Tabular amounts in thousands of US dollars except where otherwise indicated)

1. NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES:

IAMGOLD Corporation (“IAMGOLD” or “the Company”) is engaged in the exploration, development and operation of gold mining properties and 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.

(a) Basis of consolidation:

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

(b) Revenue recognition:

Revenue from the sale of gold is recognized when the gold is delivered and title transfers to the counterparties to the transaction.

For niobium sold under specific contracts, revenue is recognized on transfer of the rights and obligations to buyers.

Royalty revenue is recognized when the Company has reasonable assurance with respect 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 based on the proceeds of production paid by a smelter, refinery or other customer to the miner and upon 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 by the Company are governed by the corresponding royalty agreement with the owner of the royalty property.

(ii) Profits based royalties such as Net Profits Interests (“NPI”) or a Working Interest (“WI”):

A NPI is a royalty based on the profit after allowing for costs related to production. The expenditure that the operator deducts from revenues is defined in the relevant royalty agreements. Payments generally begin after pay-back of capital costs. The royalty holder is not responsible for providing capital nor covering operating losses or environmental liabilities. Revenue is recognized in accordance with the relevant agreement.

A WI is similar to a NPI except working interest holders have an ownership position. A working interest holder, to prevent ownership dilution, is liable for its share of capital and operating costs. The Company records its 18.9% interests in Gold Fields Ghana Limited and the Tarkwa mine (“Tarkwa”) and in Abooso Goldfields Limited and the Damang mine (“Damang”) as working interests.

(c) Gold bullion:

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

(d) Inventories:

Gold doré and ore stockpiles are valued at the lower of average production cost and net realizable value. Production costs include the cost of materials, labour, mine site overheads and depreciation to the applicable stage of processing. Ore stockpiles are segregated between current and long-term inventory.

Mine supplies are costed on an average purchase cost basis with appropriate provisions for redundant and slow-moving items.

(e) Short-term deposits:

Short-term deposits consist of investments in money market instruments with an original term of three months or more, but no longer than one year, that are carried at the lower of cost and fair value.

(f) *Marketable securities:*

Investments in marketable securities are recorded at cost. When there has been a loss in the value of an investment in marketable securities that is determined to be other than a temporary decline, the investment is written down to recognize the loss. The market values of investments are determined based on the closing prices reported on recognized securities exchanges and over-the-counter markets. Such individual market values do not necessarily represent the realizable value of the total holding of any security, which may be more or less than that indicated by market quotations.

(g) *Mining assets, development and exploration properties:*

Mining assets represent the capitalized expenditures related to the exploration, development and operation of mineral properties including plant and equipment. Upon commencement of commercial production, all related capital expenditures for any given mining assets are amortized over the estimated economic life using the units-of-production method. If a property is abandoned or deemed economically unfeasible, the related project balances are written off.

Exploration expenses incurred to the date of establishing that a property has mineral resources with the potential of being economically recoverable are charged against earnings. Exploration and 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.

(h) *Royalty interests:*

The Company records its royalty interests at cost. Amortization of producing royalty interests is calculated on a units-of-production basis.

(i) *Impairment of assets:*

The Company reviews its mining assets and royalty interests to ascertain whether impairment in value has occurred. Reviews are conducted periodically or when there is evidence of an impairment. An asset is considered impaired if its carrying value exceeds its net recoverable amount. Net recoverable amount is management's best estimate of undiscounted future cash flows. If a mining asset or royalty interest is impaired, a write-down to fair value is recorded against earnings.

(j) *Goodwill:*

Goodwill is tested for impairment at least annually. The fair value of each reporting unit that 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 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.

(k) *Asset retirement obligations:*

Environmental and ongoing site reclamation costs at operating mines are charged to operations in the period during which they occur. The Company recognizes, when the legal obligation is incurred, the fair 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 units-of-production method. An accretion expense in relation with 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.

(l) Employee future benefit plans:

The Company accrues its obligations under employee future benefit plans and the related costs, net of plan assets. The cost and accrued benefit obligations are actuarially determined using the projected benefit method prorated on service and management's best estimate of expected plan investment performance, salary escalation, retirement ages of employees and health care costs. For the purpose of calculating the expected return on plan assets, those assets are valued at fair value.

Actuarial gains/losses arise from the difference between actual long-term rate of return on plan assets for that period and the expected long-term rate of return of plan assets for that period or from changes in actuarial assumptions used to determine the accrued benefit obligation. The excess of the net actuarial gain (loss) over 10% of the greater of the accrued benefit obligation and the fair value of plan assets is amortized over the average remaining service period of active employees. The average remaining service periods are summarized in note 16.

(m) Foreign currency translation:

The US 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 US 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 year. Translation adjustments arising from changes in exchange rates are deferred and included in a separate component of shareholders' equity named "cumulative translation adjustment".

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

The Euro is the functional currency for the Company's activities in French Guiana as the majority of disbursements are in Euro. Since activities are related to a development project, the temporal method is used to translate from the Euro to US dollars as follows: monetary items at the exchange rate in effect at the balance sheet date, non-monetary items at historical exchange rates, revenues and expenses at the exchange rate in effect on the dates they occur and, depreciation and amortization at historical exchange rates as the assets to which it relates.

(n) Fair values of financial instruments:

The carrying values of cash and cash equivalents (which include investments with remaining maturities of less than 90 days on purchase), short-term deposits, accounts receivable and other, and accounts payable and accrued liabilities in the consolidated balance sheets approximate fair values due to the short-term maturities of these instruments.

Variable rate non-recourse debt and note receivable instruments are estimated to approximate fair values as interest rates are tied to short-term interest rates.

(o) Commodity and foreign exchange contracts:

The forward sales contracts, assumed through the acquisition of Gallery Gold Limited, are accounted for as normal purchase and sales contracts whereby deliveries are recorded at their respective forward prices. On delivery of gold into the forward contracts, the related acquired liability is amortized and recorded into gold revenue.

The forward sales contracts and the foreign exchange contracts, assumed through the acquisition of Cambior, are accounted at their fair value on the balance sheet date. This market valuation is based on forward rates and considers the market price, rate of interest, gold lease rate and volatility. The fair value of these non-hedge derivative instruments is included on the balance sheet and the change in market value from the previous reporting period is included in the statement of earnings as a non-hedge derivative gain or loss.

The Company, from time to time, enters into transactions in order to manage exposure to price fluctuations in foreign exchange and commodities. The Company reviews each contract at the time it is entered into in determining the appropriate accounting treatment.

(p) *Income and mining taxes:*

The Company uses the asset and liability method of accounting for income taxes. Under this method, future 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 tax assets and liabilities are measured using enacted or substantively enacted tax rates 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 tax asset if it is more likely than not that the asset will not be realized. The effect on future 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) *Flow-through shares:*

The Company recognizes future income tax liability for flow-through shares, and reduces the shareholders' equity, on the date that the tax credits associated with the expenditures are renounced, provided there is reasonable assurance that the expenditures will be made.

(r) *Stock-based compensation plans:*

The Company has three stock-based compensation plans, which are described in note 17 and included in corporate administration expenses.

(i) *Stock options:*

Compensation costs, measured at the grant date based on the fair value of the options and recognized over the related service period, are accounted for as an expense in the statement of earnings and credited to stock-based compensation within shareholders' equity. Consideration paid by employees when the options are exercised, as well as the fair value at the grant date of options exercised, is added to common shares.

(ii) *Share bonus plan:*

The Company expenses share bonuses granted to employees over the three-year vesting period and share bonuses to directors when they are issued.

(iii) *Share purchase plan:*

The Company expenses its contribution to employees' share purchase plan when the shares are issued or issuable.

(s) *Earnings per share:*

Basic earnings per share is 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 options and warrants.

(t) *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 reported year. The most significant estimates relate to mineral reserves, asset valuations, carrying values of mining interests, goodwill, depreciation and amortization rates, receivables, contingent liabilities, employee future benefit costs, fair value of derivative instruments and asset retirement obligations and future income and mining taxes. Actual results could be materially different from those estimates.

(u) *Changes in accounting policies:*

(i) **EIC-152 “Mining Assets – Impairment and Business Combinations”**

According to EIC-152, an entity should include the value beyond proven and probable reserves (“VBPP”) in the value allocated to mining assets in a purchase price allocation. Also, an entity should include the cash flows associated with VBPP in estimates of future cash flows (both undiscounted and discounted) used for determining whether a mining asset is impaired under Section 3063, “Impairment of Long-lived Assets”, of the CICA Handbook. The effects of anticipated fluctuations in the future market price of minerals should also be considered in both determining the fair value of mining assets in a purchase price allocation and estimating future cash flows (both undiscounted and discounted) used for determining whether a mining asset is impaired. EIC-152 may be applied prospectively and should be applied to business combinations completed after March 26, 2005, and to goodwill and asset impairment tests performed in reporting periods beginning after March 16, 2005. This pronouncement did not have a material impact on the accounting of future business combinations. The Company considered VBPP in the impairment test for the year ended December 31, 2006.

(ii) **EIC-153 “Discontinued Operations”**

The EIC-153 “Applying the conditions in CICA 3475.27 in determining whether to report discontinued operations” provides guidance on how an ongoing entity should evaluate whether the operations and cash flows of a disposed component have been or will be eliminated from ongoing operation of the entity. EIC-153 is applicable in fiscal periods beginning on or after April 22, 2005. The Company considered these conditions in determining its discontinued activities.

2. **ACQUISITIONS:**

Gallery Gold Limited:

On March 22, 2006, the Company acquired all of the issued and outstanding shares of Gallery Gold Limited (“GGL”) in exchange for the issuance of 26,221,468 common shares. GGL, through its subsidiaries, owns a 100% interest in the Mupane gold mine in Botswana and a controlling interest in the Buckreef project in Tanzania. The purchase price has been determined to be \$202,329,000, including acquisition expenses of \$2,479,000 and the purchase of GGL common share options for \$2,402,000. The value was determined based on an exchange ratio of one IAMGOLD share for each 22 GGL shares.

The acquisition has been accounted for under the purchase method. The preliminary allocation of the fair value of the consideration to the fair value of the identifiable assets and liabilities on the closing date is set out below. GGL’s activities have been accounted for in IAMGOLD’s results since the closing date of the transaction.

Cambior Inc.:

On November 8, 2006, the Company acquired all of the issued and outstanding shares of Cambior Inc., an international gold and niobium producer with operations, development projects and exploration activities throughout the Americas (Rosebel mine, Doyon division, Sleeping Giant mine, Niobec mine and Caiman project). As consideration for the transaction, the Company issued 116,258,765 common shares along with options and warrants exercisable for 10,829,000 common shares of IAMGOLD. The purchase price has been determined to be \$1,104,960,000, including acquisition costs of \$4,890,000. The value was determined based on an exchange ratio of 0.42 IAMGOLD share for each Cambior share.

The acquisition was accounted for under the purchase method with the fair value of the consideration allocated to the fair value of the identifiable assets and liabilities on the closing date. The preliminary allocation of the fair value of the consideration to the fair value of the identifiable assets and liabilities on the closing date is set out below. Cambior’s activities have been accounted for in IAMGOLD’s results since the closing date of the transaction.

PRELIMINARY FAIR VALUE	GGL	Cambior	Total
Assets acquired and liabilities assumed:			
Cash and cash equivalents	\$ 971	\$ 7,183	\$ 8,154
Mining assets	135,668	784,601	920,269
Exploration and development	96,582	189,049	285,631
Other assets	18,873	99,807	118,680
Net assets held for sale	-	24,219	24,219
Goodwill	72,405	330,638	403,043
Current liabilities	(11,186)	(94,010)	(105,196)
Long-term debt	(16,589)	(33,716)	(50,305)
Forward sales liability and current option	(59,711)	(16,205)	(75,916)
Asset retirement obligations	(2,506)	(38,380)	(40,886)
Accrued benefit liabilities	-	(8,897)	(8,897)
Future income and mining tax liabilities	(32,178)	(135,827)	(168,005)
Non-controlling interest	-	(3,502)	(3,502)
	202,329	1,104,960	1,307,289
Consideration paid:			
Issue of 26,221,468 common shares of the Company	197,448	-	197,448
Issue of 116,258,765 common shares of the Company	-	1,062,605	1,062,605
Settlement of GGL common share options ^(a)	2,402	-	2,402
Issue of 2,428,873 IAMGOLD equivalent options ^(b)	-	13,062	13,062
Issue of warrants equivalent to 8,400,000 IAMGOLD shares	-	24,403	24,403
Transaction costs	2,479	4,890	7,369
	202,329	1,104,960	1,307,289

(a) The GGL common share options were valued using their intrinsic value and were repurchased immediately.

(b) The equivalent options granted upon the acquisition of Cambior were valued at their fair value using the Black-Scholes option-pricing model taking into account the initial expected life, a risk free interest rate of 4%, a volatility of 37% and a dividend yield of 0.7%.

3. ASSETS HELD FOR SALE:

Bauxite Operations

On February 13, 2007, the Company announced that it had concluded an agreement for the sale of its 70% equity interest in Omai Bauxite Mining Inc. ("OBMI") and its 100% equity interest in Omai Services Inc. ("OSI"). The effective date of the agreement was December 31, 2006 and, under the terms of the agreement, the selling price of the interests was \$46,269,000 including the assumption of third party debt of \$17,724,000 and transaction costs of \$2,557,000. Consequently, assets and liabilities related to OBMI and OSI have been classified as assets and liabilities held for sale and the statement of earnings has separately presented the results from discontinued operations as well as the statement of cash flows, to separately disclose the operating, investing and financing portions of the cash flows attributable to discontinued operations. The fair value of OBMI and OSI was considered in the purchase equation of Cambior (note 2). The transaction was completed on March 21, 2007 with the receipt of \$28,451,000 from the purchaser.

Net earnings from November 8, 2006 to December 31, 2006 for discontinued operations were as follows:

	2006
Revenues	\$ 6,359
Investment and other income	3
Mining operations expenses	(6,312)
General and administrative expenses	(115)
Financial expenses	(312)
Income and mining taxes	(14)
Non-controlling interest	484
Net earnings from discontinued operations, net of tax	<u>93</u>

The statement of cash flows discloses the total cash flow from (used in) discontinued operations summarized as follows:

	2006
Operating activities	(1,897)
Financing activities	42
Investing activities	276
Decrease in cash flows from discontinued operations	<u>(1,579)</u>

4. GOLD BULLION:

	2006	2005
Ounces held (oz)	148,704	148,420
Weighted average acquisition cost (\$/oz)	330	329
Acquisition cost (\$)	49,012	48,840
December 31 spot price for gold (\$/oz)	632	513
December 31 market value (\$)	<u>93,981</u>	<u>76,139</u>

5. INVENTORIES:

	2006	2005
Gold doré	\$ 14,545	\$ 4,539
Niobium	6,455	-
Mine supplies	37,677	7,457
Ore stockpiles – current	2,648	829
Inventories	<u>61,325</u>	<u>12,825</u>
Long-term ore stockpiles	44,483	17,941
	<u>105,808</u>	<u>30,766</u>

6. OTHER LONG-TERM ASSETS:

	2006	2005
Note receivable from the Government of Mali ^(a)	\$ -	\$ 4,475
Amounts due from the Government of Mali ^(b)	9,990	8,875
Debenture receivable ^(c)	2,000	-
Marketable securities	9,379	2,285
Gold receivable ^(d)	15,281	-
Other receivable ^(e)	4,000	-
Restricted cash deposit per closure cost guarantees (note 15)	1,179	-
Accrued benefit asset (note 16)	4,822	-
Long-term ore stockpiles (note 5)	44,483	17,941
Capital assets	5,669	322
Other assets	523	990
	97,326	34,888
Current portion included in receivables and other current assets	13,482	-
	<u>83,844</u>	<u>34,888</u>

(a) The Company's portion of all funding made on behalf of the Government of Mali's ("GOM") free and carried interest was represented by a note receivable bearing interest at the LIBOR plus 3%. Yatela project investment repayments were distributed on behalf of the GOM to the Company as repayment of the note. As at December 31, 2006, the note was repaid.

(b) Long-term accounts receivable represents fuel tax, VAT and stamp duties receivable from the GOM which are not expected to be repaid within one year.

As at December 31, 2006 the Company has recorded allowances of \$nil (2005 - \$438,000) against its current and long-term accounts receivable.

(c) Upon the sale of a royalty portfolio interest on April 25, 2006, the Company received a debenture of a 100% owned subsidiary of Battle Mountain Gold Exploration Corp. ("BMGX") with a par value of \$2,000,000, with a term of two years, an interest rate of 6%, convertible into common shares of BMGX at a rate of \$0.50 per share (note 8 (c)). As at December 31, 2006, interest received of \$61,000 has been recognized in earnings.

(d) In December 2005, Cambior completed the sale of the Carlota copper project to Quadra Mining Ltd. ("Quadra"). As part of the consideration, Quadra was to deliver 50,000 ounces of gold to Cambior. As at December 31, 2006, there remained 25,000 ounces of gold to be delivered in four equal quarterly amounts estimated to start September 30, 2007. These final four deliveries can be deferred if the buyer of the project is unable to begin construction at Carlota by the first quarter of 2007. The deferral cannot however be extended beyond June 30, 2010. The current portion as at December 31, 2006 was \$7,700,000.

The fair value of the ounces of gold receivable was determined based on forward prices at the closing date of the Cambior transaction and a risk premium. The Company recognized both an amount for gold receivable and a related discount. The gold receivable is revaluated at each balance sheet date at the current spot price with the variation classified as non-hedge derivative gain/loss in the statement of earnings. The discount is amortized up to the time of deliveries and is classified as investment income in the statement of earnings.

As security regarding the gold deliveries, the buyer:

- (i) pledged all shares of Cambior USA and of Carlota Copper Company ("CCC"), a wholly-owned subsidiary of Cambior USA and the direct owner of Carlota; and
- (ii) granted first rank security interests in all moveables and immoveables of Cambior USA and of CCC, in IAMGOLD's favour, such first ranking being subject to existing royalties on Carlota and security interests to be granted in connection with project financing for Carlota, if and when applicable, which shall rank pari passu with IAMGOLD's security.

- (e) As additional consideration for the sale of the Carlota copper project, a balance of the selling price of \$4,000,000 is receivable and classified as current. The balance was derived from an agreed upon drilling program of approximately 3,000 metres and is based upon the estimated copper contained in defined areas.

7. WORKING INTERESTS:

The Company holds an 18.9% working interest in Gold Fields Ghana Limited ("Tarkwa"), 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.

The Company also holds an 18.9% working interest in Abosso Goldfields Limited ("Damang"), 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.

	Tarkwa	Damang	Total
Balance, December 31, 2004	\$ 80,290	\$ 12,186	\$ 92,476
Earnings from working interests in 2005	13,736	1,731	15,467
Cash received in 2005	(15,181)	-	(15,181)
Balance, December 31, 2005	78,845	13,917	92,762
Earnings from working interests in 2006	23,466	5,408	28,874
Cash received in 2006	(28,880)	(5,670)	(34,550)
Balance, December 31, 2006	73,431	13,655	87,086

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8. ROYALTY INTERESTS:

Investments in net royalty interests are:

	Cost	2006 Accumulated Amortization	Net Royalty Interest	2005 Net Royalty Interest
Revenue producing royalties				
Diavik ^(a)	\$ 49,446	\$ 12,267	\$ 37,179	\$ 41,095
Magistral ^(b)	3,109	502	2,607	2,669
Other ^(c)	-	-	-	7,718
	52,555	12,769	39,786	51,482

Investments in royalty interests include royalties on mineral properties for which economically mineable reserves have yet to be proven. The recovery of these costs is dependent upon the properties' owners obtaining adequate financing and the development of economic mining operations.

Revenue producing royalties:

- (a) The Company owns a 1% royalty on certain claims in the Lac de Gras region of the Northwest Territories, including the Diavik lands controlled by Aber Diamond Corporation and Diavik Diamond Mines Inc.
- (b) The Company owns a sliding scale NSR royalty on mineral production from the Magistral gold property in Mexico owned by Nevada Pacific Gold Ltd. The royalty rate is 3.5% until 380,000 ounces of gold has been produced and 1% thereafter. In July 2005, mine operations were suspended although rinsing of the leach pads continued in 2006.

(c) On April 25, 2006, the Company closed a transaction with Battle Mountain Gold Exploration Corp. ("BMGX") whereby the Company sold a portfolio of gold royalties to that corporation. The portfolio included royalties on the Williams, el Limon, Don Mario and Joe Mann mines and the Dolores development project. Total consideration for the sale was \$21,850,000, consisting of \$13,850,000 in cash, 12 million common shares of BMGX valued at \$6,000,000 and a \$2,000,000 debenture of a 100% owned subsidiary of BMGX convertible into common shares of BMGX. The common shares carry certain restrictions as to their resale and have been recorded in marketable securities included in other long-term assets.

Goodwill attributable to the royalties sold of \$12,954,000 was expensed at the time of the sale, resulting in a net gain before and after tax of \$1,111,000 and \$694,000, respectively, on the sale of the royalties.

9. MINING ASSETS:

	Cost	Accumulated depreciation and depletion	Net book value
2006			
Plant and equipment	\$ 598,955	\$ 407,602	\$ 191,353
Mining property and deferred costs	1,371,762	608,417	763,345
Construction in progress	1,661	-	1,661
	<u>1,972,378</u>	<u>1,016,019</u>	<u>956,359</u>
2005			
Plant and equipment	\$ 108,844	\$ 74,532	\$ 34,312
Mining property and deferred costs	104,828	71,892	32,936
Construction in progress	3,512	44	3,468
	<u>217,184</u>	<u>145,468</u>	<u>70,716</u>

Mining assets are held through:

- A 100% interest, acquired on November 8, 2006, in the Rosebel mine in Suriname and Doyon division, Sleeping Giant and Niobec mines in Canada.
- A 100% interest, acquired on March 22, 2006, in the Mupane gold mine in Botswana.
- A 38% interest in the Sadiola joint venture which holds a mining permit covering the Sadiola Concession. Other shareholders include AngloGold Limited ("AngloGold") (38%), the GOM (18%) and International Financial Corporation ("IFC") (6%). The GOM interests in Sadiola and Yatela are free and carried interests.
- A 40% indirect interest in the Yatela joint venture which holds a mining permit and the exploration rights covering the Yatela Gold Concession. Other shareholders include AngloGold (40%) and the GOM (20%). The GOM interests in Yatela are free and carried interests.

10. EXPLORATION AND DEVELOPMENT:

Investments in exploration and development properties are:

	2006	2005
Quimsacocha - Ecuador	\$ 5,978	\$ 962
Properties acquired - GGL	100,232	-
Properties acquired - Cambior	188,683	-
	<u>294,893</u>	<u>962</u>

11. GOODWILL:

	2006	2005
Goodwill, beginning of year	\$ 74,886	\$ 74,886
Goodwill acquired - GGL (note 2)	72,405	-
Goodwill acquired - Cambior (note 2)	330,638	-
Goodwill related to royalties sold (note 8)	(12,954)	-
Goodwill, end of year	<u>464,975</u>	<u>74,886</u>

Goodwill is related to the following segments:

Corporate - royalty interests	2,772	15,726
Canada	89,854	-
Botswana	38,823	-
Ghana	59,160	59,160
Suriname	182,959	-
Exploration and development	91,407	-
	<u>464,975</u>	<u>74,886</u>

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12. CURRENT PORTION OF LONG-TERM LIABILITIES:

	2006	2005
Current portion of:		
Long-term debt (note 13)	\$ 29,263	\$ -
Asset retirement obligations (note 15)	7,584	-
Accrued benefit liabilities (note 16)	265	-
Forward sales liability (note 21)	16,439	-
Fair value of non-hedge derivatives (note 21)	16,409	-
	<u>69,960</u>	<u>-</u>

13. LONG-TERM DEBT:

	Total Dec. 31 2006	2007	2008	Scheduled payments				Total Dec. 31 2005
				2009	2010	2011	2012+	
Credit facility ^(a)	\$18,000	\$14,000	\$ 4,000	\$ -	\$ -	\$ -	\$ -	\$ -
Credit facility-Revolving ^(a)	14,028	14,028	-	-	-	-	-	-
Other	3,046	1,235	805	387	295	285	39	-
	35,074	29,263	4,805	387	295	285	39	-
Non-recourse debt:								
Purchase price payable -								
Camp Caiman ^(b)	3,814	-	-	3,814	-	-	-	-
Yatela - project loans ^(c)	-	-	-	-	-	-	-	6,924
	3,814	-	-	3,814	-	-	-	6,924
Total	38,888	29,263	4,805	4,201	295	285	39	6,924
Current portion	29,263	29,263	-	-	-	-	-	-
Long-term portion	9,625	-	4,805	4,201	295	285	39	6,924

(a) Credit facility

On acquisition of Cambior on November 8, 2006, the Company assumed a Credit facility consisting of a non-revolving term loan and a revolving credit facility. The term loan outstanding was \$21,500,000. Subsequent to November 8, 2006, the Company made the scheduled repayment of \$3,500,000. The repayment schedule consists of four quarterly payments of \$3,500,000 in 2007 and three quarterly payments of \$1,333,000 in 2008.

In addition, the Company assumed a \$30,000,000 revolving credit facility with a balance outstanding of \$5,000,000 including a \$500,000 letter of credit issued to guarantee a liability for an asset retirement obligation as at November 8, 2006. Subsequent to November 8, 2006, the Company borrowed an additional \$9,028,000 mainly for use towards employer contributions to the defined benefit plan. Subsequent to year-end, additional letters of credit of \$9,963,000 were issued to guarantee additional asset retirement obligations.

The interest margin above LIBOR rate varies according to the ratio of Total Net Senior Debt to EBITDA. The Total Net Senior Debt is defined as the aggregate amount of the debt less cash and subordinated debt. The EBITDA is defined as the consolidated net earnings before interest expense, depreciation, amortization expense and income tax expense. Committed facilities carry a weighted average standby fee of 0.305% per annum on the unutilized portion of the Credit facility. As at December 31, 2006, the effective interest rate was 6.85%.

The Credit facility is secured by the Company's interests in the Doyon, Mouska, Sleeping Giant, Niobec and Rosebel mines, and is subject to various covenants, financial ratios and prepayments in the event of future financings. As at December 31, 2006, the Company has met its covenants.

(b) Balance of purchase price payable for Camp Caiman project

On acquisition of Cambior on November 8, 2006, the Company assumed a liability of \$3,802,000 relating to the balance of the purchase price for the Camp Caiman project, from Asarco Incorporated, by a wholly owned subsidiary, Asarco Guyane Française S.A.R.L. ("AGF"). The balance of the purchase price payable is interest-free and is payable within 120 days of the commencement of commercial production planned in 2009.

The purchase price payable is subject to prepayments in the case of a subsequent issuance of equity. The AGF (renamed CBJ Caiman S.A.S.) shares have been pledged as security against the future payments, and will be released upon the full reimbursement of the debt.

(c) *Yatela mine*

The capital cost of the Yatela mine was funded equally by the Company and AngloGold. Pursuant to a shareholder agreement, AngloGold funded 15% of the project investment on behalf of the Company. This funding constituted a loan to the Company, bearing interest at LIBOR plus 2%. The Yatela mining permit provides for the return of the project investment capital plus interest, to the Company and AngloGold, before any cash disbursements are made to the project shareholders. Project investment repayments are based on Yatela's operating cash flows. 15% of Yatela's project investment repayments were distributed on behalf of the Company to AngloGold as repayment of the Yatela non-recourse project loan. After the project investment (principal and interest) is fully repaid to the Company and AngloGold, each will receive 40% of any Yatela cash distributions and the GOM will receive 20%. The Yatela loan was repaid in 2006.

Interest:

Interest related to long-term debt was as follows:

	2006	2005	2004
- Expensed	\$ 665	\$ 446	\$ 303
- Capitalized	11	-	-
	<u>676</u>	<u>446</u>	<u>303</u>

14. 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 36% (2005 - 36%; 2004 - 36%) to earnings before income taxes. The reasons for the differences are a result of the following:

	2006	2005	2004
Earnings before income taxes from continuing operations	\$ 97,157	\$ 22,152	\$ 11,375
Income tax provision calculated using statutory tax rates	35,074	8,001	4,109
Increase (reduction) in income taxes resulting from:			
Earnings not subject to taxation	(22,192)	(5,607)	(3,852)
Earnings in foreign jurisdictions subject to different tax rates	(74)	(79)	(591)
Resource allowance	(437)	(411)	(467)
Provincial mining taxes	345	-	-
Change in enacted corporate income tax rates	758	-	-
Losses not tax benefited	4,410	-	-
Amounts not deductible for tax purposes	6,534	271	727
Foreign exchange loss on future tax liability not tax benefited	36	208	532
Other	315	(725)	(692)
	<u>24,769</u>	<u>1,658</u>	<u>(234)</u>

The provision for income and mining taxes is made up of the following components:

	2006	2005	2004
Current:			
Foreign income tax	\$ 22,527	\$ 5,720	\$ 3,768
Federal and provincial income tax	(23)	187	(79)
	22,504	5,907	3,689
Future:			
Foreign income tax	4,623	(1,694)	2,073
Federal and provincial income tax recovery	(2,703)	(2,555)	(5,996)
Provincial mining tax	345	-	-
	2,265	(4,249)	(3,923)
Total	24,769	1,658	(234)

The Company has a net future tax liability of \$185,015,000 (2005 - \$14,791,000).

The components that give rise to future tax liabilities are as follows:

	2006	2005
Future tax assets:		
Other assets	\$ 820	\$ 135
Exploration and development expenses	11,350	11,642
Share issue costs	14	213
Non-capital losses	129,680	6,428
Net capital losses	120	-
Mining assets	13,406	605
Corporate minimum tax credits	377	228
Asset retirement obligations	2,759	-
Accrued benefit liability	564	-
Long-term portion of forward sales liability	15,696	-
	174,786	19,251
Valuation allowance	(167,337)	(12,871)
Future tax asset after valuation allowance	7,449	6,380
Future tax liabilities:		
Mining assets	(154,091)	(31)
Exploration and development	(22,163)	-
Royalty interests	(16,210)	(21,140)
	(192,464)	(21,171)
Net future tax liability	(185,015)	(14,791)

The Company has non-capital loss carry forwards for Canadian income tax purposes of \$337,262,000 available to reduce taxable income on or prior to 2026. Approximately \$323,013,000 of these non-capital loss carry forwards have not been tax benefited.

The Company has approximately \$205,210,000 in cumulative Canadian exploration and cumulative Canadian development expenses and approximately \$80,956,000 in mining assets capital cost allowance available indefinitely to reduce, subject to certain restrictions, taxable income in future years.

In 2006, governmental assistance in the form of the Québec resources tax credit reduced exploration expenses by an amount of \$190,000.

Losses carried forward as at December 31, 2006 will expire as follows:

	Canada	United States	Peru ⁽¹⁾
2007	\$ -	\$ 645	\$ -
2008	496	1,638	-
2009	9,973	1,337	-
2010	4,010	1,634	-
2011	3,655	1,026	-
2012-2026	319,128	4,454	-
Undetermined	-	-	3,222
	<u>337,262</u>	<u>10,734</u>	<u>3,222</u>
		Guyana ⁽²⁾	Botswana
Unlimited ⁽²⁾		\$ 61,119	\$ 43,427

(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.

The Company's French subsidiaries, CBJ-France and CBJ-Caiman, benefit from an income tax exemption plan for a term of ten years. Under those tax holiday plans, certain commitments made to the French Tax Administration must be met. The tax holidays are subject to re-assessment by the authorities.

15. ASSET RETIREMENT OBLIGATIONS:

The Company's activities are subject to various laws and regulations regarding the 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. The liability for asset retirement obligations has been considered in the annual impairment test process. According to management's estimate, the cash flows provided by the Company's operations and expected from the sale of residual equipment will be sufficient to meet the payment obligations. The Company is required by the Minister of Natural Resources in Québec to provide security pledges (government bonds or letter of credit) based on the mine closure plans for the Company's operations in Québec. As at December 31, 2006, the Company had \$1,179,000 in deposits restricted (note 6) for settling its obligations as well as a letter of credit in the amount of \$500,000 issued to the Government of Guyana. In addition, subsequent to year-end, letters of credit of \$9,963,000 were issued to guarantee the Company's liability for asset retirement obligations.

At December 31, 2006, 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 rate
Doyon mine	\$ 30,036	2007-2017	5.38%
Omai mine	1,787	2007	7.82%
Rosebel mine	3,108	2007-2021	7.26%
Sleeping Giant mine	2,649	2008-2012	6.22%
Niobec mine	2,219	2007-2025	6.63%
Mupane mine	3,665	2011	5.50%
Sadiola mine (38%)	4,570	2010-2014	5.00%
Yatela mine (40%)	5,152	2009-2017	5.00%
Other mines	1,298	2007-2009	5.32% - 6.37%
	<u>54,484</u>		

The schedule of estimated future disbursements for rehabilitation and for security deposits is as follows:

2007	\$ 7,782
2008	5,760
2009	4,209
2010	8,190
2011	8,663
2012 onwards	<u>19,880</u>
	<u>54,484</u>

The following table presents the reconciliation of the liability for assets retirement obligations:

	2006	2005
Balance, beginning of year	\$ 7,506	\$ 5,549
New obligations relating to the acquisition of GGL and Cambior (note 2)	40,886	-
Revision in the estimated cash flows and timing of payments	(441)	1,830
Accretion expense	1,104	127
Disbursements	(495)	-
Foreign exchange variation	(1,043)	-
Balance, end of year	47,517	7,506
Less current portion	7,584	-
Long-term portion	39,933	7,506

16. EMPLOYEE FUTURE BENEFIT PLANS:

On acquisition of Cambior, the Company assumed the employees' future benefit plans. Cambior was contributing to various defined contribution plans and final-pay defined benefit pension plans for its employees (for Designated employees and Senior management). On December 31, 2006, the Company terminated the two final-pay benefit pension plans and replaced them with a defined contribution plan, triggering a curtailment in both plans as at December 31, 2006. The defined benefit pension plans were subject to funding based on actuarial valuation which was performed at least every three years. The most recent actuarial valuation was prepared as at January 1, 2006. The Company measures its accrued benefit obligations and the fair value of plan assets for accounting purposes as at December 31st of each year. Additional valuations were also done on November 8, 2006 (date of acquisition of Cambior).

Senior management of the acquired company specifically designated by their Board of Directors were participating in a supplementary executive retirement plan ("SERP"). The purpose of the SERP was to provide these employees with a pension equal to that which would otherwise be received if the defined benefit pension plan reflected the full amount of the base salary of such employees. Annual contributions were assessed by the Board of Directors based on Cambior's financial position and other factors. The SERP also provided for a clause regarding a change of control which gives additional benefits to selected directors. Following the acquisition of Cambior, on November 8, 2006, the majority of the selected directors left the Company and benefited from these benefits, impacting the calculation of the SERP obligations. This also resulted in a curtailment of the plan due to the significant reduction in the expected years of future service of active employees. The resulting termination benefit and gain on curtailment are disclosed in the summary of total costs recognized.

A settlement for the pension plan for designated employees will occur in 2007 and was reflected in the purchase price equation. The actuarial liability payable under the settlement will be the sum of transfer values paid to some members and the premiums paid to insurers for the others.

In addition, accrued benefit liabilities relating to other post-retirement benefit plans (health care plans) and an accrued benefit liability related to a post-retirement benefit plan offered to unionized employees of Niobec, which are unfunded and require no contribution from employees were assumed on acquisition of Cambior. The most recent actuarial valuations were prepared in 2004.

Total cash payments

Total cash payments for employee future benefits, consisting of cash contributed by the Company to its funded pension plans, cash payments directly to beneficiaries for its unfunded other benefit plans, and cash contributed to defined contribution plans were \$7,498,000 from November 8, 2006 to December 31, 2006.

Following the acquisition, the Company contributed the prescribed amount to the SERP.

Defined contribution plans

The total expenses for the Company's defined contribution plans amounted to \$330,000 from November 8, 2006 to December 31, 2006.

Defined benefit plans

2006	Pension benefit plans	Post-retirement benefit plans
Accrued benefit obligations		
Balance, date of acquisition	\$ 18,476	\$ 3,725
Current service cost	147	19
Interest expense	146	33
Actuarial loss	261	101
Benefits paid	(97)	(19)
Foreign exchange variation	(585)	(119)
Balance, end of year	18,348	3,740
Plan assets		
Fair value, date of acquisition	13,307	-
Actual return on plan assets	527	-
Employer contributions	7,168	-
Benefits paid	(97)	-
Foreign exchange variation	(540)	-
Fair value, end of year	20,365	-

Pension plan assets consist of:

<i>December 31,</i>	2006
Asset category:	%
Debt securities	21
Other	79
Total	100

Reconciliation of the funded status of the benefit plans to the amounts recorded in the financial statements is as follows:

2006	Pension benefit plans	Post-retirement benefit plans	Total
Fair value of plan assets	\$ 20,365	\$ -	\$ 20,365
Accrued benefit obligations	(18,348)	(3,740)	(22,088)
Funded status - (deficit) ⁽¹⁾	2,017	(3,740)	(1,723)
Unamortized net actuarial loss	(140)	99	(41)
Accrued benefit assets (liabilities)	1,877	(3,641)	(1,764)

(1) As at December 31, 2006, the two final-pay defined benefit pension plans did not show any deficit.

The total costs recognized for the Company's defined benefit plans are as follows:

<i>(November 8, 2006 to December 31, 2006)</i>	Pension benefit plans 2006	Post-retirement benefit plans 2006	Total
Current service cost	\$ 147	\$ 19	\$ 166
Interest expense	146	33	179
Actual return on plan assets	(527)	-	(527)
Actuarial loss	261	101	362
Element of employee future benefit costs before adjustments to recognize the long-term nature of employee future benefit costs	27	153	180
Adjustments to recognize the long-term nature of employee future benefit costs:			
Difference between expected return and actual return on plan assets	403	-	403
Difference between actuarial loss and actuarial loss/gain on accrued benefit obligations	(261)	(101)	(362)
Defined benefit costs recognized	169	52	221

The significant assumptions used to evaluate the Company's accrued benefit obligations and benefit costs are as follows (weighted-average):

2006	Pension benefit plans	Post-retirement benefit plans
	%	%
Accrued benefit obligations as of December 31:		
Discount rate	5.3	5.3
Rate of compensation increase	3.5	3.5
Benefit costs for the period ended December 31:		
Discount rate	5.5	5.5
Expected long-term rate of return on plan assets	4.9	-
Rate of compensation increase	3.5	-
Assumed health care trend rate for the next year used to measure the expected cost covered by the plans		
- first four years	-	10
- thereafter	-	5

2006

Years

Average remaining service period of active employees covered by the:

- Defined pension benefit plan	14
- SERP	12
- Defined post-retirement benefit plan:	
- Manager and clerical employees at Niobec	14
- Unionized employees at Niobec	<u>15</u>

The estimated employer contributions for 2007 are \$151,000. Estimated benefit payments for the next ten years are as follows:

2007	\$	13,632
2008		435
2009		424
2010		428
2011		435
2012 to 2016		<u>2,533</u>
		<u>17,887</u>

Sensitivity analysis:

Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plans. A one percentage point change in assumed health care cost trend rates would have the following effects for 2006:

	Increase	Decrease
Total service and interest costs ⁽¹⁾	\$ 4	\$ (4)
Accrued benefit liabilities	<u>238</u>	<u>(199)</u>

(1) For the period following the acquisition of Cambior (November 8 to December 31, 2006).

17. SHARE CAPITAL:

(a) Authorized:

Unlimited first preference shares, issuable in series
 Unlimited second preference shares, issuable in series
 Unlimited common shares

Issued and outstanding common shares are as follows:

	Number of Shares	Amount
Issued and outstanding, December 31, 2003	145,333,845	\$ 342,208
Exercise of options	427,801	1,576
Restatement due to change in accounting policy		173
Issued and outstanding, December 31, 2004	145,761,646	343,957
Exercise of options	1,834,658	8,296
Share purchase plan	31,600	211
Share bonus plan	20,223	142
Issued and outstanding, December 31, 2005	147,648,127	352,606
Shares issued on acquisition of GGL (note 2)	26,221,468	197,448
Shares issued on acquisition of Cambior (note 2)	116,258,765	1,062,605
Exercise of options	2,386,287	12,950
Share purchase plan	26,480	225
Share bonus plan	18,830	160
Issued and outstanding, December 31, 2006	292,559,957	1,625,994

(b) Share options:

The Company has a comprehensive share option plan for its full-time employees, directors and officers and self-employed consultants. The options vest over three years and expire no longer than 10 years from the date of grant. The total number of shares reserved for the grants of share options was 13,250,000, of which an additional 4,000,000 options were added to the reserve on May 16, 2005. As of December 31, 2006, 6,061,561 options remain in reserve. Options issued on the acquisition of Repadre Capital Corporation (in 2003), and 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, 2006, 2005 and 2004 and changes during the three years then ended is presented below. All exercise prices are denominated in Canadian dollars. The exchange rate at December 31, 2006, 2005 and 2004 were 1.1654, 1.1630 and 1.2020 respectively.

	2006		2005		2004	
	Options	Weighted average exercise price (\$C)	Options	Weighted average exercise price (\$C)	Options	Weighted average exercise price (\$C)
Outstanding, beginning of year	4,076,242	6.62	5,691,899	5.78	5,414,535	5.13
Granted	1,795,000	10.61	415,000	8.25	755,000	9.02
Assumed on acquisition of Cambior	2,428,873	5.42	-	-	-	-
Exercised	(2,386,287)	5.56	(1,834,658)	4.21	(427,801)	3.36
Forfeited	(228,333)	10.39	(195,999)	8.19	(49,835)	5.65
Outstanding, end of year	5,685,495	7.66	4,076,242	6.62	5,691,899	5.78
Exercisable, end of year	3,616,828	6.23	2,981,242	5.95	4,227,733	4.90

The following table summarizes information about stock options outstanding at December 31, 2006:

Range of Prices \$C	Options Outstanding			Options exercisable		
	Number outstanding	Weighted average remaining contractual life - years	Weighted average exercise Price \$C	Weighted number exercisable	Weighted average remaining contractual life - years	Weighted average exercise Price \$C
1.22 - 2.00	294,154	2.1	1.24	294,154	2.1	1.24
2.01 - 3.00	4,200	2.8	2.98	4,200	2.8	2.98
3.01 - 4.00	205,736	1.4	3.64	205,736	4.0	3.64
4.01 - 5.00	420,385	2.8	4.66	420,385	2.8	4.66
5.01 - 6.00	824,670	4.3	5.34	824,670	4.3	5.40
6.01 - 7.00	18,371	4.3	6.28	18,371	4.3	6.28
7.01 - 8.00	1,369,230	3.1	7.63	1,302,563	5.3	7.64
8.01 - 9.00	320,856	3.5	8.52	110,856	3.6	8.51
9.01 - 10.00	666,000	2.4	9.07	404,000	2.2	9.02
10.01 - 11.00	1,530,000	4.3	10.66	-	-	-
11.01 - 11.10	31,893	1.9	11.10	31,893	1.9	11.10
	5,685,495	3.4	7.66	3,616,828	3.9	6.23

The Company expenses the fair value of all stock-based compensation granted. During 2006, \$2,432,000 (2005 - \$960,000; 2004 - \$1,501,000) was recorded as compensation expense.

The determination of the fair value of options is judgmental. The Company uses values calculated by the Black-Scholes option pricing model as a proxy for such fair value. Use of the Black-Scholes model has become the prevalent practice for estimating fair values of options. The Black-Scholes model, however, has some inherent weaknesses as it assumes that the options are tradable, have no vesting period and are transferable. Because of its limitations, the values produced from the Black-Scholes model do not necessarily provide a reliable single measure of the fair value of the Company's stock options.

The fair value of the options granted has been estimated at the date of grant using a Black-Scholes option pricing model with the following assumptions. The weighted average expected life of these options of four years or 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 years.

	2006	2005	2004
Risk free interest rate	5%	3%-5%	3%-5%
Volatility	37%	37%	37%
Dividend	1%	1%	1%

(c) *Share purchase plan:*

The Company has a share purchase plan for employees whereby the Company will match the participants' contribution. A maximum of 750,000 common shares may be issued under the plan. The plan was activated in 2005. Common shares issued under the share purchase plan are restricted for one year. As at December 31, 2006, 691,920 shares remain in reserve.

This share purchase plan was terminated on December 31, 2006, and replaced by a new share purchase plan whereby the Company will contribute 75% of the participant's contribution towards the purchase of shares on the open market. Common shares purchased under the plan are restricted until December of each year.

	2006	2005	2004
	Number	Number	Number
Outstanding, January 1	-	-	-
Granted	26,480	31,600	
Issued	(26,480)	(31,600)	-
Outstanding, December 31	-	-	-
Stock-based compensation	\$ 107	\$ 136	\$ -

(d) *Share bonus plan:*

The Company has a share bonus plan for employees whereby a maximum of 600,000 common shares may be awarded. As of December 31, 2006, 560,947 shares remain in reserve.

	2006	2005	2004
	Number	Number	Number
Outstanding, January 1	14,782	22,172	-
Restricted common shares granted	77,700	12,833	22,172
Issued	(18,830)	(20,223)	-
Outstanding, December 31	73,652	14,782	22,172
Stock-based compensation	\$ 563	\$ 140	\$ 76

(e) *Warrants*

On acquisition of Cambior, 20,000,000 warrants were issued, exercisable for 8,400,000 shares at a price of C\$8.93 each. These warrants expire August 12, 2008.

(f) *Earnings per share:*

Basic earnings per share is computed by dividing earnings available to common shareholders by the weighted average number of common shares outstanding for the year. Diluted earnings per share is similar to basic earnings per share, except that the denominator is increased to include the number of additional common shares that would have been outstanding if the dilutive potential common shares had been issued.

Basic earnings per share computation:

	2006	2005	2004
Numerator:			
Net earnings	\$ 72,481	\$ 20,494	\$ 11,609
Denominator (000's):			
Average common shares outstanding	186,485	146,650	145,592
Basic earnings per share (\$ per share)	0.39	0.14	0.08

Diluted earnings per share computation:

	2006	2005	2004
Numerator:			
Net earnings	\$ 72,481	\$ 20,494	\$ 11,609
Denominator (000's):			
Average common shares outstanding	186,485	146,650	145,592
Dilutive effect of employee stock options	993	1,243	1,975
Dilutive effect of warrants	177	-	-
Total average common shares outstanding	187,655	147,893	147,567
Diluted earnings per share (\$ per share)	0.39	0.14	0.08

Stock options excluded from the computation of diluted earnings per share which could be dilutive in the future were as follows:

	2006	2005	2004
Outstanding options (000's):	1,492	670	755

(g) *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. If the Company does not incur the committed resource expenditures, it will be required to indemnify the holders of the shares for any tax and other costs payable by them as a result of the Company not making the required resource expenditures. As at December 31, 2006, the Company's remaining commitment with respect to unspent resource expenditures under flow-through common share agreements was \$284,000.

18. SHARE PURCHASE LOANS:

The Company provided a non-interest bearing share purchase loan to an officer. This transaction is measured at the exchange amount of consideration established and agreed to by the related parties. At December 31, 2006, the principal amount outstanding of the loan was \$295,000 (2005 - \$296,000). The principal amount is secured by 140,000 shares of the Company.

19. FAIR VALUE OF FINANCIAL INSTRUMENTS:

The following table presents the carrying amounts and estimated fair values of the Company's financial instruments and commodities:

	2006		2005	
	Carrying value	Fair value	Carrying value	Fair value
Financial Assets				
Cash and cash equivalents ⁽¹⁾	\$ 101,500	\$ 101,500	\$ 45,534	\$ 45,534
Short-term deposits ⁽¹⁾	22,864	22,864	15,823	15,824
Receivables excluding gold receivable ⁽¹⁾	49,142	49,142	19,992	19,992
Gold bullion ⁽²⁾	49,012	93,981	48,840	76,139
Marketable securities ⁽³⁾	8,379	9,830	1,264	1,285
Gold receivable ⁽⁴⁾	15,281	15,120	-	-
Restricted cash and other ⁽⁵⁾	1,179	1,179	-	-
Financial liabilities				
Accounts payable and accrued liabilities ⁽¹⁾	117,110	117,110	19,892	19,892
Long-term debt ⁽⁶⁾	38,888	38,888	6,924	6,924
Fair value of gold forwards (Note 21 (a)) ⁽⁷⁾	61,194	69,449	-	-

(1) The fair value of cash and cash equivalents, short-term deposits, receivables excluding gold receivable and accounts payable and accrued liabilities is equivalent to the carrying amount given the short maturity period.

(2) The fair value of the gold bullion is based on the spot price for gold on December 31.

(3) The fair value of the marketable securities was based on the last quoted market price.

(4) This valuation is based on the forward price of gold as at year-end, the risk premium and estimated delivery dates.

(5) The fair value of the restricted cash and other is equivalent to the carrying amount given the short-term maturity period.

(6) Since most of the long-term debt is variable rate debt, the fair value of the Company's long-term debt approximates the carrying amount as at December 31, 2006 and 2005.

(7) The Company obtains a valuation from counterparty of its portfolio of gold and foreign exchange commitments. This valuation is based on forward rates considering the market price, rate of interest, gold lease rate and volatility.

20. RELATED PARTY TRANSACTIONS:

The related party transactions are included in corporate administration expenses, are in the normal course of operations, measured at the exchange amount between the parties and are summarized as follows:

	2006	2005	2004
Management office, and other services obtained from companies controlled by a director and significant shareholder of the Company	\$ 352	\$ 185	\$ 189

21. COMMITMENT AND CONTINGENCIES:

(a) Gold sales commitments

On the acquisition of Cambior, the Company assumed gold sales commitments of 56,420 ounces to be delivered in 2007 at \$350 per ounce. The estimated fair value was recognized on the balance sheet and is treated as non-hedge instruments. As at December 31, 2006, the marked-to-market value of the remaining 56,420 ounces was \$16,392,000 and the change in market value between the date of acquisition of Cambior and year-end was included in the earnings statement as a non-hedge derivative loss totaling \$197,000.

As of December 31, 2006, the remaining outstanding forward sales contracts acquired on acquisition of GGL (Mupane) were as follows:

Year	Forward Sales (oz)	Average Forward Price (\$/oz)
2007	77,776	402
2008	77,776	402
2009	43,888	407
Total	199,440	403

The Mupane forward sales contracts are accounted for as normal purchase and sales whereby deliveries are recorded at their respective forward prices. On delivery of gold into the forward contracts, the related acquired liability is amortized and recorded into gold revenue. During 2006, 58,332 ounces of gold were delivered under forward sales contracts.

The estimated fair value of the Company's gold forward sales, calculated using forward rates considering market prices, interest rate, gold lease rate and volatilities, was as follows:

	2006
Fair value of non-hedge derivatives - Forwards (Cambior)	\$ 16,409
Fair value of normal sales contracts (Mupane)	53,040
Estimated marked-to-market value	69,449
Recognized on the balance sheet:	
Non-hedge derivatives - Forwards (Cambior)	16,409
Forward sales liability - Normal sales (Mupane)	44,785
	61,194
Off-balance sheet - net fair value of forwards	8,255

(b) Foreign exchange contracts:

As at December 31, 2006, the Company had commitments, through foreign exchange forward contracts, to deliver in 2007, 192,000 euros in exchange for US dollars. A loss of \$13,000 was recorded in the consolidated statement of earnings as the Company's foreign exchange contracts are treated as non-hedge instruments.

(c) *Non-hedge derivative gain (loss):*

	2006
Variation of the fair value of the non-hedge derivative instruments	\$ (195)
Loss arising from the exercise of non-hedge derivatives	(17)
Gain resulting from the variation in market prices of ounces of gold receivable	136
Non-hedge derivative loss	<u>(76)</u>

(d) *Credit Risk:*

In the normal course of business of non-gold operations, the Company performs ongoing credit reviews of its customers and evaluates the creditworthiness of all new customers. Except for the ounces of gold receivable, there is no existing single account receivable that represents a substantial risk for the Company. An allowance for doubtful accounts receivable is established while taking into account the specific credit risk related to customers, historical trends and the economic situation.

The credit risk related to the \$2.0 million BMGX convertible debenture is a function of the uncertainty of BMGX's revenue stream which is derived from royalty interests on producing gold properties. The revenue stream is a function of the gold price and the ore reserves at the particular mine. In addition, the convertible debenture ranks subordinate to a senior lender to BMGX.

The credit risk related to the receipt of 25,000 ounces of gold from Quadra Mining and the \$4,000,000 contingent payment relates to the profitability of that company from its Robinson operations and its ability to raise financing for the Carlota project.

(e) *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:

Mine	Calculation
Rosebel	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 up to a maximum of 7,000,000 ounces produced (6,084,000 remaining ounces at December 31, 2006)
Doyon	24.75% of any excess of the annual average market price over \$375 per ounce of gold produced (1,179,000 remaining ounces at December 31, 2006)
Mouska	Two royalties of 0.2% and 2.0% respectively of gold production
Sleeping Giant	2% of gross operating profit for one and 15% of net operating profit for the other
Sadiola, Yatela, Tarkwa, Damang, Mupane	Royalties between 5% and 6% of revenues, based on market prices.

(f) *Management fees:*

The Company is subject to management fees (included in mining costs) calculated as follows:

Sadiola and Yatela mines	1% of revenues
Tarkwa	2.5% of revenues
Damang (100% basis)	<u>\$1,500,000 per year</u>

(g) *Other commitments:*

As at December 31, 2006, the Company had commitments to complete facilities, summarized as follows:

Niobec	\$ 2,638
Caiman	8,116
Doyon 1,070
	<u>11,824</u>

(h) *Claims:*

In December 2005, an audit claim for the years 2003 and 2004 was received from the Department of Taxation in Mali for the Yatela and Sadiola mines. This claim has been satisfied in full. The Company has not recorded a provision for potential claims, if any, that could arise from future audits as the amount is indeterminable.

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.

22. SEGMENTED INFORMATION:

(a) The reportable segments in 2005 were Joint Venture and Working Interests, Royalties and Corporate. As a result of the acquisitions of GGL and Cambior and the sale of the majority of the Company's gold royalties, the reportable segments have been revised. Comparative figures have been reclassified to conform to the new segments.

The Company's gold mine segment is divided into geographic segments, as follows:

- Mali: Joint venture in Sadiola (38%) and Yatela (40%)
- Ghana: Working interests in Tarkwa and Damang (18.9%)
- Botswana: Mupane mine
- Canada: Doyon division and Sleeping Giant mine
- Suriname: Rosebel mine
- Guyana: Omai gold mine

The Company's segments also include non-gold activities (Niobec mine located in Canada and diamond royalty on the Diavik mine located in Canada), Exploration and Development, and Corporate.

2006	Gold mines						Total
	Mali	Ghana	Botswana	Canada	Suriname	Guyana	Gold mines
Cash and gold bullion	\$ 30,389	\$ -	\$ 10,177	\$ 28	\$ 545	\$ 209	\$ 41,348
Other current assets	38,723	-	7,277	7,231	24,089	1,188	78,508
Long-term assets	90,459	-	175,132	240,572	639,709	8,741	1,154,613
Long-term assets related to working interests	-	146,246	-	-	-	-	146,246
	159,571	146,246	192,586	247,831	664,343	10,138	1,420,715
Current liabilities	33,638	-	20,855	22,904	25,511	3,713	106,621
Long-term liabilities	10,522	-	39,508	25,803	140,412	-	216,245
	44,160	-	60,363	48,707	165,923	3,713	322,866
Revenue	200,077	-	38,963	19,209	27,025	-	285,274
Earnings from working interests	-	28,874	-	-	-	-	28,874
	200,077	28,874	38,963	19,209	27,025	-	314,148
Mining costs	81,642	-	30,814	14,178	19,760	266	146,660
Depreciation and depletion	24,269	-	12,344	2,106	4,220	-	42,939
Exploration	221	-	278	886	241	1,763	3,389
Other expenses	485	-	288	87	531	231	1,622
Interest and investment expense (income)	(2,299)	-	(104)	50	(1)	1	(2,353)
Non-controlling interest	-	-	-	-	210	-	210
Income taxes (recovery)	25,066	-	(1,736)	184	3,127	-	26,641
Net earnings (loss)	70,693	28,874	(2,921)	1,718	(1,063)	(2,261)	95,040
Expenditures for capital assets	4,866	-	1,525	1,762	5,878	-	14,031
Additions to goodwill	-	-	38,823	89,854	182,959	-	311,636

2006	Total Gold mines	Non-gold mine	Exploration and Development	Corporate	Total
Cash and gold bullion	\$ 41,348	\$ 679	\$ 2,940	\$ 128,409	\$ 173,376
Other current assets	78,508	22,675	2,832	23,252	127,267
Long-term assets	1,154,613	300,808	294,308	30,968	1,780,697
Long-term assets related to working interests	146,246	-	-	-	146,246
Assets held for sale	-	-	-	-	51,090
	1,420,715	324,162	300,080	182,629	2,278,676
Current liabilities	106,622	7,358	6,514	86,122	206,616
Long-term liabilities	216,245	23,461	30,940	2,961	273,607
Liabilities relating to assets held for sale	-	-	-	-	25,102
	322,867	30,819	37,454	89,082	505,325
Revenue	285,274	17,858	-	213	303,345
Earnings from working interests	28,874	-	-	-	28,874
	314,148	17,858	-	213	332,219
Mining costs	146,660	7,742	-	-	154,402
Depreciation and depletion	42,939	2,814	-	-	45,753
Amortization of royalty interests	-	3,916	-	(5)	3,911
Exploration	3,389	-	11,824	-	15,213
Other expenses	1,622	(22)	1,770	18,759	22,129
Interest and investment expense (income)	(2,353)	16	(128)	(4,091)	(6,556)
Non-controlling interest	210	-	-	-	210
Income taxes (recovery)	26,641	(2,735)	-	863	24,769
Net earnings (loss) from continuing operations	95,040	6,127	(13,466)	(15,313)	72,388
Earnings from discontinued operations	-	-	-	-	93
Net earnings (loss)	95,040	6,127	(13,466)	(15,311)	72,481
Expenditures for capital assets	14,031	981	10,802	2,755	28,569
Additions to goodwill	311,636	-	91,407	-	403,043

2005	Gold mines		Total
	Mali	Ghana	Gold mines
Cash and gold bullion	\$ 7,958	\$ -	\$ 7,958
Other current assets	30,547	-	30,547
Long-term assets	102,007	-	102,007
Long-term assets related to working interests	-	151,922	151,922
	140,512	151,922	292,434
Current liabilities	15,867	-	15,867
Long-term liabilities	14,461	-	14,461
	30,328	-	30,328
Revenue	119,393	-	119,393
Earnings from working interests	-	15,467	15,467
	119,393	15,467	134,860
Mining costs	70,875	-	70,875
Depreciation and depletion	20,605	-	20,605
Exploration	370	-	370
Other expenses	5,023	-	5,023
Interest and investment expense (income)	2,653	-	2,653
Income taxes (recovery)	3,385	-	3,385
Net earnings (loss)	16,482	15,467	31,949
Expenditures for capital assets	9,919	-	9,919

2005	Total Gold mines	Non-gold mine	Exploration and Development	Corporate	Total
Cash and gold bullion	\$ 7,958	\$ -	\$ 688	\$ 101,551	\$ 110,197
Other current assets	30,547	-	385	2,160	33,092
Long-term assets	102,007	41,095	962	29,710	173,774
Long-term assets related to working interests	151,922	-	-	-	151,922
	292,434	41,095	2,035	133,421	468,985
Current liabilities	15,867	-	597	12,298	28,762
Long-term liabilities	14,461	-	-	14,760	29,221
	30,328	-	597	27,058	57,983
Revenue	119,393	7,282	-	3,099	129,774
Earnings from working interests	15,467	-	-	-	15,467
	134,860	7,282	-	3,099	145,241
Mining costs	70,875	-	-	-	70,875
Depreciation and depletion	20,605	-	-	-	20,605
Amortization of royalty interests	-	3,857	-	1,880	5,737
Exploration	370	-	9,001	-	9,371
Other expenses	5,023	-	59	9,476	14,558
Interest and investment expense (income)	2,653	-	(6)	(704)	1,943
Income taxes (recovery)	3,385	(1,752)	-	25	1,658
Net earnings (loss)	31,949	5,177	(9,054)	(7,578)	20,494
Expenditures for capital assets	9,919	-	962	969	11,850

2004	Gold mines		Total Gold mines
	Mali	Ghana	
Cash and gold bullion	\$ 11,120	\$ -	\$ 11,120
Other current assets	36,095	-	36,095
Long-term assets	96,319	-	96,319
Long-term assets related to working interests	-	151,636	151,636
	143,534	151,636	295,170
Current liabilities	10,443	-	10,443
Long-term liabilities	17,710	-	17,710
	28,153	-	28,153
Revenue	112,663	-	112,663
Earnings from working interests	-	13,149	13,149
	112,663	13,149	125,812
Mining costs	68,572	-	68,572
Depreciation and depletion	20,592	-	20,592
Exploration	132	-	132
Other expenses	5	-	5
Interest and investment expense (income)	376	-	376
Income taxes (recovery)	5,148	-	5,148
Net earnings (loss)	17,838	13,149	30,987
Expenditures for capital assets	9,000	-	9,000

2004	Total Gold mines	Non-gold mine	Exploration and Development	Corporate	Total
Cash and gold bullion	\$ 11,120	\$ -	\$ 640	\$ 73,676	\$ 85,436
Other current assets	36,095	-	121	2,719	38,935
Long-term assets	96,319	44,951	-	30,724	171,994
Long-term assets related to working interests	151,636	-	-	-	151,636
	295,170	44,951	761	107,119	448,001
Current liabilities	10,443	-	477	10,889	21,809
Long-term liabilities	17,710	20,599	-	(3,859)	34,450
	28,153	20,599	477	7,030	56,259
Revenue	112,663	6,368	-	2,841	121,872
Earnings from working interests	13,149	-	-	-	13,149
	125,812	6,368	-	2,841	135,021
Mining costs	68,572	-	-	-	68,572
Depreciation and depletion	20,592	-	-	-	20,592
Amortization of royalty interests	-	3,365	-	1,857	5,222
Exploration	132	-	7,813	-	7,945
Other expenses	5	-	123	22,601	22,729
Interest and investment expense (income)	376	-	(15)	(1,775)	(1,414)
Income taxes (recovery)	5,148	(1,844)	-	(3,538)	(234)
Net earnings (loss)	30,987	4,847	(7,921)	(16,304)	11,609
Expenditures for capital assets	9,000	-	-	-	9,000

(b) *Joint ventures*

In 2006, the Company's share of mining asset additions in the Company's joint ventures was \$4,866,000, (2005 - \$9,919,000; 2004 - \$9,000,000).

The Company's share of cash in the joint ventures is not under the Company's direct control. The Company's share of joint venture cash flows was as follows:

	2006	2005	2004
Cash flows from operations	\$ 95,362	\$ 30,226	\$ 24,899
Cash flows used in financing	(8,034)	(3,960)	(1,207)
Cash flows used in investments	(391)	(7,783)	(8,976)

23. COMPARATIVE FIGURES:

Certain 2005 and 2004 comparative figures have been reclassified to the financial statement presentation adapted in 2006.

IAMGOLD RESERVES

PROVEN AND PROBABLE RESERVES

	Proven				Probable				Proven & Probable			
	Tonnes (000's)	Grade (g/t Au)	100% (000's oz)	IMG Share (000's oz)	Tonnes (000's)	Grade (g/t Au)	100% (000's oz)	IMG Share (000's oz)	Tonnes (000's)	Grade (g/t Au)	100% (000's oz)	IMG Share (000's oz)
Sadiola ⁽⁴⁾⁽⁶⁾	19,608	1.4	911	346	15,500	2.9	1,457	554	35,100	2.1	2,368	900
Yatela ⁽⁴⁾⁽⁶⁾	5,165	0.9	156	62	3,581	4.6	533	213	8,746	2.4	689	275
Tarkwa ⁽⁵⁾⁽⁷⁾	184,400	1.3	7,731	1,461	169,000	1.2	6,712	1,269	353,400	1.3	14,443	2,730
Damang ⁽⁵⁾⁽⁷⁾	12,969	1.6	677	128	13,181	1.7	721	136	26,150	1.7	1,398	264
Mupane ⁽¹⁾⁽³⁾	3,462	2.5	281	281	427	3.2	44	44	3,889	2.6	324	324
Rosebel ⁽¹⁾⁽³⁾	47,566	1.2	1,829	1,738	52,886	1.2	1,988	1,889	100,452	1.2	3,817	3,626
Doyon Division ⁽¹⁾⁽³⁾	720	7.7	179	179	706	7.6	173	173	1,426	7.7	352	352
Sleeping Giant ⁽¹⁾⁽³⁾	198	11.7	75	75	99	11.0	35	35	297	11.5	110	110
Camp Caiman ⁽²⁾⁽³⁾	-	-	-	-	12,285	2.8	1,114	1,114	12,285	2.8	1,114	1,114

(1) Estimated at a gold price of US\$500

(2) As per Feasibility study, August 2005. Gold price used US\$425, cut-off between 0.80 to 1.80 g Au/t

(3) Estimated in accordance with NI 43-101

(4) Estimated at a gold price of US\$550

(5) As at 31 December 2005, estimated at a gold price of US\$400

(6) Estimated in accordance with the JORC Code

(7) Estimated in accordance with SAMREC, reconciled to JORC Code

For further information on reserves and resources, please refer to IAMGOLD's website at www.iamgold.com

IAMGOLD ERRATA

The information on page 105 of the Annual Report 2006 of IAMGOLD is hereby corrected as follows:

RESOURCES

MEASURED, INDICATED AND INFERRED RESOURCES⁽¹⁾

	Measured				Indicated				Inferred			
	Tonnes (000's)	Grade (g/t Au)	100% (000's oz)	IMG Share (000's oz)	Tonnes (000's)	Grade (g/t Au)	100% (000's oz)	IMG Share (000's oz)	Tonnes (000's)	Grade (g/t Au)	100% (000's oz)	IMG Share (000's oz)
Sadiola	20,018	1.5	936	356	46,046	2.7	3,935	1,495	38,131	2.4	2,911	1,106
Yatela ⁽⁴⁾	7,522	2.0	486	194	5,358	3.0	516	206	2,515	3.0	242	97
Tarkwa	188,400	1.5	8,929	1,688	214,200	1.3	8,953	1,692	28,500	3.0	2,743	518
Damang	14,441	1.6	750	142	19,593	1.6	1,031	195	7,033	5.0	1,134	214
Mupane	7,061	2.3	517	513	4,063	2.3	303	297	2,501	2.0	158	154
Rosebel ⁽²⁾⁽⁵⁾	88,699	1.1	3,177	3,018	95,333	1.0	3,134	2,977	134,571	1.0	4,340	4,123
Doyon Division ⁽²⁾⁽⁵⁾	1,278	6.3	260	260	2,940	5.2	490	490	3,231	4.7	486	486
Sleeping Giant ⁽²⁾⁽⁵⁾	198	11.7	75	75	115	10.6	39	39	21	9.8	7	7
Camp Caiman ⁽⁴⁾⁽⁵⁾	5,371	2.7	467	467	15,071	2.4	1,148	1,148	3,767	2.1	249	249
La Arena ⁽³⁾⁽⁵⁾	2,600	0.5	443	443	113,700	0.4	1,554	1,554	9,890	0.3	90	90
Buckreef	3,349	2.7	285	228	10,614	1.9	649	508	12,791	2.2	891	701
Quimsacocha	-	-	-	-	32,977	3.2	3,347	3,347	4,033	1.9	245	245
Tanzania other	-	-	-	-	7,657	2.2	534	182	16,135	1.6	827	427
Westwood ⁽⁵⁾	-	-	-	-	-	-	-	-	8,613	5.2	1,450	1,450
Grand Duc⁽²⁾⁽⁵⁾	-	-	-	-	150	1.3	6	6	249	1.4	12	12

(1) Measured and Indicated resources are inclusive of Proven and Probable reserves

(2) Estimated at US\$500

(3) Estimated at US\$550

(4) As per Feasibility study, August 05. Gold price at US\$425, cut-off between 0.66 to 1.40 g Au/t

(5) Estimated in accordance with NI 43-101

For further information on reserves and resources, please refer to IAMGOLD's website at www.iamgold.com

RESOURCES

MEASURED, INDICATED AND INFERRED RESOURCES⁽¹⁾

	Measured				Indicated				Inferred			
	Tonnes (000's)	Grade (g/t Au)	100% (000's oz)	IMG Share (000's oz)	Tonnes (000's)	Grade (g/t Au)	100% (000's oz)	IMG Share (000's oz)	Tonnes (000's)	Grade (g/t Au)	100% (000's oz)	IMG Share (000's oz)
Sadiola	20,018	1.5	936	356	46,046	2.7	3,935	1,495	38,131	2.4	2,911	1,106
Yatela ⁽⁴⁾	7,522	2.0	486	194	5,358	3.0	516	206	2,515	3.0	242	97
Tarkwa	188,400	1.5	8,929	1,688	214,200	1.3	8,953	1,692	28,500	3.0	2,743	518
Damang	14,441	1.6	750	142	19,593	1.6	1,031	195	7,033	5.0	1,134	214
Mupane	7,061	2.3	517	513	4,063	2.3	303	297	2,501	2.0	158	154
Rosebel ⁽²⁾⁽⁵⁾	88,699	1.1	3,177	3,018	95,333	1.0	3,134	2,977	134,571	1.0	4,340	4,123
Doyon Division ⁽²⁾⁽⁵⁾	1,278	6.3	260	260	2,940	5.2	490	490	3,231	4.7	486	486
Sleeping Giant ⁽²⁾⁽⁵⁾	198	11.7	75	75	115	10.6	39	39	21	9.8	7	7
Camp Caiman ⁽⁴⁾⁽⁵⁾	5,371	2.7	467	467	15,071	2.4	1,148	1,148	3,767	2.1	249	249
La Arena ⁽³⁾⁽⁵⁾	2,600	0.5	443	443	113,700	0.4	1,554	1,554	9,890	0.3	90	90
Buckreef	3,349	2.7	285	228	10,614	1.9	649	508	12,791	2.2	891	701
Quimsacocha	-	-	-	-	32,977	3.2	3,347	3,347	4,033	1.9	245	245
Tanzania other	-	-	-	-	7,657	2.2	534	182	16,135	1.6	827	427
Westwood ⁽⁵⁾	-	-	-	-	-	-	-	-	8,613	5.2	1,450	1,450
Grand Duc ⁽²⁾⁽⁵⁾	-	-	-	-	150	1.3	6,300	6,300	249	1.4	12	12

(1) Measured and Indicated resources are inclusive of Proven and Probable reserves

(2) Estimated at US\$500

(3) Estimated at US\$550

(4) As per Feasibility study, August 05. Gold price at US\$425, cut-off between 0.66 to 1.40 g Au/t

(5) Estimated in accordance with NI 43-101

For further information on reserves and resources, please refer to IAMGOLD's website at www.iamgold.com

IAMGOLD CORPORATE & SHAREHOLDER INFORMATION

DIRECTORS

William D. Pugliese³
Chairman, IAMGOLD Corporation
Aurora, Ontario

Joseph F. Conway
President and Chief Executive Officer,
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Derek Bullock^{1,3}
Mining Consultant
Bobcaygeon, Ontario

John E. Caldwell¹
President and Chief Executive Officer,
SMTC Corporation
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Donald K. Charter^{2,3}
Corporate Director and President
3Cs Corporation
Toronto, Ontario

W. Robert Dengler^{2,4}
Vice-Chairman, Dynatec Corporation
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Guy Dufresne
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Peter C. Jones^{2,4}
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Mahendra Naik¹
Chief Financial Officer, Fundeco Inc.
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John Shaw⁴
Corporate Director
Sydney, Australia

1. Member of the Audit Committee
2. Member of the Compensation Committee
3. Member of the Corporate Governance Committee
4. Member of the Environmental Health and Safety Committee

OFFICERS

Joseph F. Conway
President and Chief Executive Officer

Grant A. Edey
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John McCombe
Senior Vice President, Africa

Jacques Perron
Senior Vice President, Americas

Michael Donnelly
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Denis Miville-Deschênes
Senior Vice President, Project Development

Paul B. Olmsted
Senior Vice President, Corporate
Development

Ross Gallinger
Senior Vice President, Health, Safety
and Sustainability

Larry E. Phillips
Senior Vice President, Corporate Affairs

Janet Wilkinson
Senior Vice President, Human Resources

Luc Lessard
Vice President, Engineering and Construction

Claude Barjot
Vice President, African Affairs

André Le Bel
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Lucie Desjardins
Senior Legal Counsel and Assistant
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Glynnis Frelih
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SHARES LISTED

The Toronto Stock Exchange
Symbol IMG

The New York Stock Exchange
Symbol IAG

The Botswana Stock Exchange
Symbol IAMGOLD

WARRANTS LISTED

The Toronto Stock Exchange
Symbol: IMG.WT

COMPANY FILINGS

www.sedar.com
www.sec.gov

SHARES ISSUED

At December 31, 2006
Total outstanding: 293 million
Fully diluted: 307 million

TRADING PRICE

12 month trading range to December 31, 2006
TSX: Cdn\$8.66-Cdn\$13.08
NYSE: 7.75-11.83

ANNUAL MEETING

Thursday, May 17th, 2007, 3:00 pm
Toronto Board of Trade,
West Ball Room - 4th floor
1 First Canadian Place
77 Adelaide Street West
Toronto, Ontario M5X 1C1

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CORPORATE PROFILE

IAMGOLD is the top mid-tier gold producer, with annual production of over one million ounces from eight different operations located in North America, South America and Africa. The Company also owns two non-gold assets that provide significant cash flow and five development projects that provide a strong platform for continual growth. IAMGOLD has built a team of professionals with the necessary technical expertise to explore, develop and operate existing gold assets and to pursue new opportunities to enhance shareholder value.

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