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2006 Second Quarter Report

# IAMGOLD



# IAMGOLD

## HIGHLIGHTS

*Net earnings for the second quarter of 2006 were a record \$29.8 million or \$0.17 per share compared to \$2.4 million or \$0.02 per share for the second quarter of 2005.*

*Attributable gold production for the quarter was 158,000 ounces at a cash cost, as defined by the Gold Institute ("GI"), of \$290/oz, compared to 114,000 ounces and \$275/oz respectively for the second quarter of 2005.*

*Operating cash flow for the quarter was \$24.3 million, compared to \$5.7 million for the second quarter of 2005.*

*Debt of \$22.8 million was repaid during the second quarter and the Company is now debt free.*

*Cash, short-term deposits and gold bullion position at June 30, 2006 is \$151.3 million with gold at cost and \$193.5 million with gold at market value.*

*Average gold spot price for the second quarter in 2006 was \$628 per ounce in comparison to \$427 per ounce for the same period in 2005.*

*On April 25, 2006, the sale of the majority of the Company's gold royalties was completed for gross proceeds of \$21.9 million.*

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### Consolidated Financial Results Summary (US\$000's):

| June 30,  | Three Months Ended |          | Six Months Ended |           |
|---|--------------------|----------|------------------|-----------|
|   | 2006               | 2005     | 2006             | 2005      |
| Net earnings                                      | \$ 29,838          | \$ 2,375 | \$ 49,689        | \$ 10,118 |
| Operating cash flow                               | \$ 24,276          | \$ 5,680 | \$ 46,070        | \$ 14,213 |
| Net earnings per share - basic and diluted        | \$ 0.17            | \$ 0.02  | \$ 0.30          | \$ 0.07   |
| Operating cash flow per share - basic and diluted | \$ 0.14            | \$ 0.04  | \$ 0.28          | \$ 0.10   |
| Gold produced (oz) IMG share                      | 157,655            | 114,334  | 280,933          | 220,737   |
| GI cash cost (US\$/oz)*                           | \$ 290             | \$ 275   | \$ 282           | \$ 274    |
| Average gold revenue (US\$/oz)                    | \$ 621             | \$ 428   | \$ 591           | \$ 428    |

\*GI cash cost per ounce is a non-GAAP measure. Please refer to the Supplemental Information attached to the Management's Discussion and Analysis for a reconciliation of GAAP.

## MANAGEMENT'S DISCUSSION & ANALYSIS

*(The following report dated August 11, 2006, should be read in conjunction with the Consolidated Financial Statements for June 30, 2006 and related notes thereto which appears elsewhere in this report. All monetary amounts in this MD&A are expressed in US\$ unless otherwise indicated.)*

### OVERVIEW

On March 22, 2006, the Company acquired all of the issued and outstanding shares of Gallery Gold Limited ("GGL"). The financial results and financial position for GGL have been incorporated into the Company's financial statements, including the results from the Mupane mine in Botswana.

Net earnings for the second quarter of 2006 were \$29.8 million or \$0.17 per share compared to \$2.4 million or \$0.02 per share for the second quarter of 2005. Net earnings for the first half of 2006 were \$49.7 million or \$0.30 per share compared to \$10.1 million or \$0.07 per share for the first half of 2005. The increase in earnings is mainly a result of higher gold prices, increased production and cost containment at the Sadiola and Yatela mines in Mali and production from the Mupane mine.

Operating cash flow for the second quarter of 2006 was \$24.3 million or \$0.14 per share compared to \$5.7 million or \$0.04 per share for the second quarter of 2005. Operating cash flow for the first half of 2006 was \$46.1 million or \$0.28 per share compared to \$14.2 million or \$0.10 per share for the first half of 2005. The increase is a result of higher gold prices, improved performance at the Sadiola and Yatela operations and dividend distributions received from the Tarkwa and Damang operations of \$4.7 million and \$8.5 million for the second quarter and year-to-date respectively. In addition, loan repayments of \$4.2 million and \$12.5 million were received from Tarkwa in the second quarter and year-to-date. These loan repayments are classified as cash flows from investing activities.

### Summarized Financial Results

| (in \$000's except where noted) | 2006      |           |          | 2005     |          |          | 2004     |         |
|---------------------------------|-----------|-----------|----------|----------|----------|----------|----------|---------|
|                                 | Q2        | Q1        | Q4       | Q3       | Q2       | Q1       | Q4       | Q3      |
| Net earnings                    | \$ 29,838 | \$ 19,851 | \$ 6,178 | \$ 4,198 | \$ 2,375 | \$ 7,743 | \$ 2,897 | \$ 908  |
| Net earnings per share          |           |           |          |          |          |          |          |         |
| - basic and diluted             | 0.17      | 0.13      | 0.04     | 0.03     | 0.02     | 0.05     | 0.02     | 0.01    |
| Operating cash flow             |           |           |          |          |          |          |          |         |
| (deficiency)                    | 24,276    | 21,794    | 18,002   | 1,828    | 5,680    | 8,533    | (4,713)  | 18,886  |
| Operating cash flow             |           |           |          |          |          |          |          |         |
| (deficiency) per share          |           |           |          |          |          |          |          |         |
| - basic and diluted             | 0.14      | 0.14      | 0.12     | 0.01     | 0.04     | 0.06     | (0.03)   | 0.13    |
| Cash, short-term deposits       |           |           |          |          |          |          |          |         |
| and gold bullion (at cost)      | 151,275   | 133,323   | 94,374   | 90,799   | 88,572   | 84,361   | 85,436   | 93,017  |
| (at market)                     | 193,493   | 170,864   | 121,673  | 112,204  | 104,626  | 98,998   | 101,260  | 105,920 |
| Gold produced                   |           |           |          |          |          |          |          |         |
| (000 oz - IMG share)            | 158       | 123       | 117      | 109      | 114      | 106      | 119      | 99      |
| Weighted average GI cash cost   |           |           |          |          |          |          |          |         |
| (\$/oz - IMG share)*            | 290       | 271       | 276      | 281      | 275      | 273      | 253      | 255     |
| Gold spot price (\$/oz)**       | 628       | 554       | 485      | 439      | 427      | 427      | 434      | 401     |

\* Weighted average Gold Institute cash cost per ounce is a non-GAAP measure. Please refer to the Supplemental Information to the Management's Discussion and Analysis for reconciliations to GAAP.

\*\* Average gold price as per the London pm fix.

IAMGOLD *Attributable Production and Costs*

|                                      | 2006 |     |     | 2005 |     |     |
|--------------------------------------|------|-----|-----|------|-----|-----|
|                                      | Q2   | Q1  | Q4  | Q3   | Q2  | Q1  |
| Production (000 oz)                  |      |     |     |      |     |     |
| Sadiola - 38%                        | 52   | 42  | 43  | 44   | 43  | 38  |
| Yatela - 40%                         | 40   | 33  | 31  | 21   | 23  | 23  |
| Tarkwa - 18.9%                       | 33   | 36  | 32  | 33   | 37  | 35  |
| Damang - 18.9%                       | 11   | 12  | 11  | 11   | 11  | 10  |
| Mupane - 100%                        | 22   |     |     |      |     |     |
| Total production                     | 158  | 123 | 117 | 109  | 114 | 106 |
| Total cash cost (\$/oz - IMG share)* | 315  | 294 | 304 | 299  | 292 | 283 |
| GI cash cost (\$/oz - IMG share)*    | 290  | 271 | 276 | 281  | 275 | 273 |

\* Cash costs per ounce are non-GAAP measures. Please refer to the Supplemental Information attached to the Management's Discussion and Analysis for a reconciliation to GAAP.

4 Gold production at the five operating mines was 39% ahead of production from the second quarter of 2005 and 28% above the first quarter of 2006. This increase is mainly as a result of the addition of the Mupane mine and excellent performance at both the Sadiola and Yatela mines.

IAMGOLD's attributable share of gold production in 2006 from the above five operating mines is forecast at 560,000 ounces for the full year, with an estimated total Gold Institute cash cost per ounce of \$295 per ounce for the year, including Mupane from April 1, 2006.

## RESULTS OF OPERATIONS

### *Mining Interests*

| June 30, (\$000's)             | Three Months Ended |           | Six Months Ended |           |
|--------------------------------|--------------------|-----------|------------------|-----------|
|                                | 2006               | 2005      | 2006             | 2005      |
| Gold revenue                   | \$ 70,528          | \$ 27,265 | \$ 113,279       | \$ 54,495 |
| Mining costs                   | 29,100             | 18,921    | 49,722           | 37,373    |
| Depreciation and depletion     | 11,644             | 4,894     | 17,749           | 9,621     |
| Earnings from mining interests | \$ 29,784          | \$ 3,450  | \$ 45,808        | \$ 7,501  |

Mining interests includes the Company's proportionate share of assets, liabilities and results of operations from its joint venture interests in the Sadiola and Yatela mines and the financial position and results of operations from the 100% owned Mupane mine from April 1, 2006.

The Company's share of gold revenue in 2006 was 159% higher than the second quarter of 2005 and 108% higher on a year-to-date basis due to a 47% and 38% increase in gold price and a 73% and 49% increase in production for the respective periods in 2005. The increased production of 19% and 10% for the respective periods is a result of the acquisition of the Mupane mine and increased production at Sadiola and Yatela. The average gold revenue for the three mines was \$620 per ounce in the second quarter of 2006 and \$593 per ounce year-to-date compared to \$428 per ounce in both the second quarter 2005 and year-to-date 2005. Average gold spot price for the second quarter in 2006 was \$628 per ounce and \$590 per ounce year-to-date in comparison to \$427 per ounce for the same periods in 2005.

The Company's mining costs of \$29.1 million and \$49.7 million in the second quarter of 2006 and year-to-date were 54% and 33% higher than the respective periods in 2005 as a result of the increased production and the addition of Mupane. Consolidated Gold Institute cash costs declined to \$270 per ounce in the second quarter of 2006 and \$260 per ounce year-to-date versus \$276 per ounce and \$278 per ounce for the same periods in 2005.

In December 2005, an audit assessment was received from the Department of Taxation in Mali for additional taxes and duties relating to the years 2003 and 2004 for the Sadiola and Yatela mines. Mine management and the joint venture partners disputed the claims but made a provision of \$2.2 million (IAMGOLD share \$0.9 million) for settlement of the claims in the year end 2005 accounts. An additional amount of \$4.7 million (IAMGOLD share \$1.8 million) for full settlement of the claim was recorded in the first quarter of 2006. Settlement of the claim was made in the second quarter.

*Sadiola Mine (IAMGOLD interest - 38%)*

**Summarized Results**

**100% Basis**

|                                 | 2006  |       |       | 2005  |       |       |
|---------------------------------|-------|-------|-------|-------|-------|-------|
|                                 | Q2    | Q1    | Q4    | Q3    | Q2    | Q1    |
| Tonnes mined (000t)             | 5,900 | 5,020 | 5,300 | 3,820 | 5,710 | 4,600 |
| Ore milled (000t)               | 1,210 | 1,110 | 1,320 | 1,360 | 1,170 | 1,180 |
| Head grade (g/t)                | 4.2   | 3.5   | 3.0   | 2.9   | 3.7   | 3.4   |
| Recovery (%)                    | 85    | 88    | 88    | 92    | 82    | 80    |
| Gold production - 100% (000 oz) | 136   | 111   | 112   | 116   | 113   | 101   |
| Gold sales - 100% (000 oz)      | 131   | 111   | 116   | 117   | 110   | 102   |
| Gold revenue (\$/oz)*           | 628   | 553   | 485   | 439   | 427   | 429   |
| Direct cash costs (\$/oz)**     | 258   | 285   | 298   | 244   | 282   | 295   |
| Production taxes (\$/oz)**      | 36    | 33    | 30    | 26    | 25    | 26    |
| Total cash costs (\$/oz)**      | 294   | 318   | 328   | 270   | 307   | 321   |
| Stockpile adjustments (\$/oz)** | (37)  | (45)  | (39)  | (26)  | (46)  | (33)  |
| GI cash cost (\$/oz)**          | 257   | 273   | 289   | 244   | 261   | 288   |

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

\*\* Cash costs per ounce are non-GAAP measures. Please refer to the Supplemental Information attached to the Management's Discussion and Analysis for a reconciliation to GAAP.

Tonnages mined for the second quarter were 18% and 3% higher than achieved in the first quarter of 2006 and second quarter of 2005 as a result of higher stripping ratios and increased mining prior to the rainy season. The head grade of the ore provided to the mill was 20% and 14% higher than the first quarter of 2006 and second quarter of 2005 respectively due to a higher proportion of sulphide ore being processed. Sulphide feed to the mill constituted approximately 51% of the total feed at an average head grade of 5.1 g/t.

Direct cash costs, at \$35.1 million, were higher than the \$31.6 million recorded during the first quarter of 2006 and the \$29.6 million during the second quarter of 2005 due to the higher level of tonnes mined. Per ounce cash costs were lower in the second quarter of 2006 at \$257, primarily due to higher production and stable costs.

Metallurgical test work continued during the quarter on developing the optimal method for milling the deep sulphide ores. Also during the quarter, a \$2.7 million expenditure was approved to increase the drilling density on the bands of footwall ore in the deep sulphides to convert ounces currently in the inferred category to the indicated category.

Additions to capital assets at Sadiola amounted to \$2.6 million for the second quarter of 2006 and \$4.0 million year-to-date. \$0.9 million of the year-to-date amount was spent on the purchase of mining equipment, \$0.8 million for the 115 house extension of the mine village and the remainder was spent on a variety of smaller capital projects. Exploration expenditures for the second quarter amounted to \$0.4 million and \$1.0 million year-to-date, of which \$0.5 million was capitalized.

Profit distributions of \$32.5 million and \$42.5 million were made by Sadiola during the quarter and year-to-date, with IAMGOLD's share being \$12.4 million and \$16.2 million for the respective periods. Operating cash flow at Sadiola was \$26.3 million and \$46.7 million for the second quarter of 2006 and year-to-date.

*Yatela Mine (IAMGOLD interest - 38%)*

**Summarized Results**

**100% Basis**

|                                 | 2006  |       |       | 2005  |       |       |
|---------------------------------|-------|-------|-------|-------|-------|-------|
|                                 | Q2    | Q1    | Q4    | Q3    | Q2    | Q1    |
| Tonnes mined (000t)             | 3,220 | 3,030 | 3,170 | 2,780 | 4,250 | 4,200 |
| Ore stacked (000t)              | 810   | 820   | 820   | 720   | 800   | 810   |
| Head grade (g/t)                | 4.9   | 4.5   | 4.0   | 2.8   | 2.5   | 2.6   |
| Gold stacked (oz)               | 128   | 119   | 105   | 65    | 64    | 68    |
| Gold production - 100% (000 oz) | 100   | 82    | 78    | 54    | 57    | 58    |
| Gold sales - 100% (000 oz)      | 100   | 87    | 80    | 48    | 55    | 62    |
| Gold revenue (\$/oz)*           | 627   | 555   | 487   | 438   | 428   | 428   |
| Direct cash costs (\$/oz)**     | 200   | 200   | 226   | 328   | 283   | 248   |
| Production taxes (\$/oz)**      | 38    | 36    | 31    | 24    | 26    | 29    |
| Total cash costs (\$/oz)**      | 238   | 236   | 257   | 352   | 309   | 277   |
| Cash cost adjustments (\$/oz)** | (21)  | (29)  | (36)  | (52)  | (3)   | (9)   |
| GI cash cost (\$/oz)**          | 217   | 207   | 221   | 300   | 306   | 268   |

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

\*\*Cash costs per ounce are non-GAAP measures. Please refer to the Supplemental Information attached to the Management's Discussion and Analysis for a reconciliation to GAAP.

Gold production for the second quarter of 2006 was 22% and 75% higher than production in the first quarter of 2006 and second quarter of 2005. Gold production for 2006 has been positively impacted by higher grades as mining has progressed to the higher grade portion of the orebody. Tonnes mined were 6% higher than the first quarter of 2006 due to increased mining for the pit cut back and 24% lower than the second quarter of 2005 due to less waste stripping, and access restrictions at the pit bottom.

Direct cash costs for the quarter were \$19.9 million, which is higher than the \$16.4 million recorded in the first quarter of 2006 and the \$16.0 million in the second quarter of 2005. This increase is primarily a result of the increase in production and an increase in revenue-based costs. Gold Institute cash costs of \$217 per ounce were 5% higher than the first quarter of 2006 and 30% lower than the second quarter of 2005 as a result of good performance on all fronts.

A pit cutback and deepening of the Yatela pit was approved in the first quarter and stripping commenced in May. The ultimate depth of the pit has not yet been finalized and is dependent upon the forecast price of gold for the remaining mine life. Current scenarios being analyzed have a projected mine life to 2009 and 2010.

Capital expenditures at Yatela totaled \$0.4 million for the second quarter of 2006 and year-to-date.

During the quarter, Yatela settled the shareholder loans and made loan repayments of \$26.0 million for the second quarter and \$53.5 million year-to-date, with IAMGOLD's share being \$9.6 million and \$19.4 million year-to-date. The Yatela operations are now debt free. Dividend distributions are expected to begin in the third quarter of this year. Operating cash flow at Yatela was \$43.1 million and \$66.6 million for the second quarter of 2006 and year-to-date. Effective July 4, 2006 Yatela will be subject to income tax at a rate of 35% upon expiry of the five year income tax-free period.

*Mupane Mine (IAMGOLD interest - 100%)*

**Summarized Results**

**100% Basis**

|                                 | <b>2006</b> |
|---------------------------------|-------------|
|                                 | <b>Q2</b>   |
| Tonnes mined (000t)             | 2,190       |
| Ore milled (000t)               | 240         |
| Head grade (g/t)                | 3.3         |
| Recovery (oz)                   | 87          |
| Gold production - 100% (000 oz) | 22          |
| Gold sales - 100% (000 oz)      | 24          |
| Gold revenue (\$/oz)*           | 591         |
| Direct cash costs (\$/oz)**     | 401         |
| Production taxes (\$/oz)**      | 30          |
| Total cash costs (\$/oz)**      | 431         |
| Stockpile adjustments (\$/oz)** | (36)        |
| 8 GI cash cost (\$/oz)**        | <u>395</u>  |

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

\*\* Cash costs per ounce are non-GAAP measures. Please refer to the Supplemental Information attached to the Management's Discussion and Analysis for a reconciliation to GAAP.

Mupane was acquired on March 22, 2006 with the acquisition of GGL. The financial results of Mupane have been incorporated into the Company's financial results from March 31, 2006.

On acquisition, the Company acquired forward sales contracts and gold call options and recorded liabilities relating to these contracts as follows:

| Year            | Forward Sales oz | Average Forward Price (US\$) | Liability (US\$M) | Call Options (oz) | Average Price (US\$) | Liability (US\$M) |
|-----------------|------------------|------------------------------|-------------------|-------------------|----------------------|-------------------|
| 2006 (9 months) | 58,332           | 402                          | 11.3              | -                 | -                    | -                 |
| 2007            | 77,776           | 402                          | 16.4              | 14,750            | 375                  | 3.6               |
| 2008            | 77,776           | 402                          | 17.9              | -                 | -                    | -                 |
| 2009            | 43,888           | 407                          | 10.5              | -                 | -                    | -                 |
| Total           | <u>257,772</u>   | <u>403</u>                   | <u>56.1</u>       | <u>14,750</u>     | <u>375</u>           | <u>3.6</u>        |

The 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 the second quarter, 19,444 ounces of gold were delivered under forward sales contracts.

Gold revenue for the second quarter was \$14.4 million and is comprised of the following:

|                                      |                  |
|--------------------------------------|------------------|
| Forward sales contracts              | \$ 7,823         |
| Spot sales                           | 2,851            |
| Forward sales liability amortization | 3,677            |
|                                      | <u>\$ 14,351</u> |

During the second quarter, the company repurchased the call options for \$3.4 million and extinguished the \$3.6 million call option liability resulting in a gain of \$0.2 million.

Mining in the second quarter focused on the Tau and Tholo pits. Mainly fresh sulphide ore was processed during the quarter.

Direct cash costs were \$8.9 million and Gold Institute cash costs were \$395 per ounce. All waste stripping is expensed at Mupane. Costs were higher in the second quarter due to increased reagent consumption associated with the processing of the fresh sulphide ore. Mining costs have also increased due to the higher cost associated with mining the fresh rock.

Project initiatives include the installation of a liquid oxygen plant in July and additional oxygen capacity in the fourth quarter. A new ball mill pinion and changes to the flotation circuit will take place in the third quarter.

Capital expenditures were \$0.7 million for the second quarter of 2006. These expenditures include \$0.4 million for the purchase of the oxygen plant with the remainder spent on smaller capital projects.

Operating cash flow at Mupane for the second quarter was \$3.7 million.

During the quarter, bank debt of \$16.3 million was repaid.

### *Working Interests*

| June 30, (\$000's)              | Three Months Ended |                 | Six Months Ended |                 |
|---------------------------------|--------------------|-----------------|------------------|-----------------|
|                                 | 2006               | 2005            | 2006             | 2005            |
| Tarkwa                          | \$ 5,963           | \$ 3,372        | \$ 13,148        | \$ 8,650        |
| Damang                          | 2,049              | 163             | 3,665            | 607             |
| Earnings from working interests | <u>\$ 8,012</u>    | <u>\$ 3,535</u> | <u>\$ 16,813</u> | <u>\$ 9,257</u> |

The Company records on its consolidated statement of earnings, the proportionate share of the profits from its working interests in the Tarkwa mine and the Damang mine.

Earnings from working interests increased 127% in the second quarter and 82% on a year-to-date basis over the same periods in 2005 mainly as a result of higher gold prices and a lower effective tax rate. This improvement is offset by an increase in cash costs at both mines. Year-to-date 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 was stable relative to the comparative periods in 2005.

The Company's share of amortization and depreciation expense recorded in the determination of the above earnings are \$2.0 million and \$4.3 million for the second quarter of 2006 and year-to-date and \$2.4 million and \$5.0 million for the same periods in 2005.

**Tarkwa Mine (IAMGOLD interest - 18.9%)**

**Summarized Results**

**100% Basis**

|  | 2006   |        |        | 2005   |        |        |
|--|--------|--------|--------|--------|--------|--------|
|  | Q2     | Q1     | Q4     | Q3     | Q2     | Q1     |
| Tonnes mined (000t)                      | 22,090 | 23,850 | 22,410 | 24,060 | 21,870 | 21,120 |
| Tonnes mined (000t) - Pre-stripping      | 1,330  | 3,190  | -      | -      | -      | -      |
| <b>Heap Leach:</b>                       |        |        |        |        |        |        |
| Ore crushed (000t)                       | 4,260  | 4,370  | 4,030  | 4,140  | 4,220  | 4,060  |
| Head grade (g/t)                         | 1.2    | 1.2    | 1.2    | 1.2    | 1.3    | 1.2    |
| Gold stacked (000 oz)                    | 159    | 161    | 158    | 157    | 175    | 150    |
| Recovery (%)                             | 75     | 75     | 77     | 76     | 77     | 80     |
| Gold production (000 oz)                 | 120    | 120    | 111    | 120    | 136    | 126    |
| <b>CIL:</b>                              |        |        |        |        |        |        |
| Ore milled (000t)                        | 1,110  | 1,300  | 1,130  | 1,140  | 1,180  | 1,160  |
| Head grade (g/t)                         | 1.7    | 1.7    | 1.6    | 1.5    | 1.7    | 1.8    |
| Recovery (oz)                            | 97     | 97     | 98     | 97     | 98     | 97     |
| Gold production (000 oz)                 | 56     | 72     | 56     | 54     | 63     | 59     |
| <b>Total gold production &amp; sales</b> |        |        |        |        |        |        |
| - 100% (000 oz)                          | 176    | 192    | 167    | 174    | 199    | 185    |
| Gold revenue (\$/oz)*                    | 626    | 552    | 482    | 437    | 429    | 428    |
| Direct cash costs (\$/oz)**              | 328    | 289    | 297    | 280    | 237    | 223    |
| Production taxes (\$/oz)**               | 19     | 17     | 14     | 13     | 13     | 13     |
| Total cash costs (\$/oz)**               | 347    | 306    | 311    | 293    | 250    | 236    |
| Gold-in-process adjustments (\$/oz)**    | (8)    | (2)    | (16)   | (3)    | 4      | 2      |
| GI cash cost (\$/oz)**                   | 339    | 304    | 295    | 290    | 254    | 238    |

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

\*\* Cash costs per ounce are non-GAAP measures. Please refer to the Supplemental Information attached to the Management's Discussion and Analysis for a reconciliation to GAAP.

Gold production in the second quarter of 2006 was 8% and 13% lower than production in the first quarter of 2006 and second quarter of 2005 respectively. Tonnes mined remain at relatively high levels despite an increase in fleet downtime and heavy rainfall during the quarter. The decrease in gold production is a result of reduced feed to the mill. The reduction is primarily a function of a shortfall in the availability of hard ores to optimize the performance of the SAG mill. Pre-stripping at the Teberebie pit began earlier in 2006 in order to release sufficient ore, including hard ores, for the mill. This additional stripping is being capitalized.

Direct cash costs for the quarter were \$57.8 million, which were higher than the \$55.6 million and \$47.1 million recorded in the first quarter of 2006 and the second quarter of 2005 as a result of higher fuel, cement and cyanide prices and an increase in maintenance costs for the mining fleet. Much of the mining fleet is of an age to incur maximum contracted maintenance rates. Gold Institute cash costs of \$339 per ounce were 12% higher than the first quarter of 2006 and 33% higher than the second quarter of 2005.

Capital expenditures were \$13.1 million and \$29.1 million during the second quarter of 2006 and year-to-date. \$5.1 million of the year-to-date amount was spent on leach pad expansion, \$4.9 million was spent on the Teberebie pre-stripping, \$5.7 million was spent on the mining fleet and the remaining was spent on other smaller capital projects.

Tarkwa made cash distributions of \$35.0 million and \$80.0 million for the second quarter of 2006 and year-to-date, with IAMGOLD's share being \$6.1 million and \$16.3 million for the respective periods. \$3.8 million of the year-to-date amount received is classified as a dividend, which is included in the Company's operating cash flow and the remaining \$12.5 million is classified as a loan repayment, which is classified as an investing activity. Cash balances at Tarkwa as at June 30, 2006 were \$35.8 million. Further cash distributions will be dependant on a decision on the mill expansion.

#### *Damang Mine (IAMGOLD interest - 18.9%)*

##### **Summarized Results**

##### **100% Basis**

|                                       | 2006  |       |       | 2005  |       |       |
|---------------------------------------|-------|-------|-------|-------|-------|-------|
|                                       | Q2    | Q1    | Q4    | Q3    | Q2    | Q1    |
| Tonnes mined (000t)                   | 4,260 | 4,180 | 3,890 | 3,730 | 3,810 | 3,120 |
| Tonnes mined (000t) - Pit cut back    | 2,430 | 2,570 | 1,990 | 1,550 |       |       |
| Ore milled (000t)                     | 1,300 | 1,380 | 1,320 | 1,330 | 1,260 | 1,260 |
| Head grade (g/t)                      | 1.4   | 1.5   | 1.5   | 1.5   | 1.5   | 1.4   |
| Recovery (%)                          | 93    | 93    | 93    | 93    | 92    | 91    |
| Gold production & sales               |       |       |       |       |       |       |
| - 100%(000 oz)                        | 56    | 62    | 60    | 57    | 58    | 54    |
| Gold revenue (\$/oz)*                 | 628   | 550   | 481   | 438   | 428   | 429   |
| Direct cash costs (\$/oz)**           | 342   | 317   | 305   | 322   | 330   | 302   |
| Production taxes (\$/oz)**            | 19    | 17    | 14    | 13    | 13    | 13    |
| Total cash costs (\$/oz)**            | 361   | 334   | 319   | 335   | 343   | 315   |
| Gold-in-process adjustments (\$/oz)** | (11)  | 11    | 11    | 36    | 0     | 36    |
| GI cash cost (\$/oz)**                | 350   | 345   | 330   | 371   | 343   | 345   |

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

\*\* Cash costs per ounce are non-GAAP measures. Please refer to the Supplemental Information attached to the Management's Discussion and Analysis for a reconciliation to GAAP.

Gold production in the second quarter of 2006 was 10% and 3% lower than production in the first quarter of 2006 and second quarter of 2005. The decrease in production is a result of lower throughput and grade. Tonnes mined continue to increase as a result of increased waste mined.

The primary source of ore for the quarter was from the Tomento satellite mine as the Amoanda pit nears depletion. As the main pit cut back progresses, more ore will be sourced from this area. The satellite Rex pit is also being readied for production.

Direct cash costs for the quarter were \$19.1 million, which is comparable to the first quarter of 2006 and second quarter of 2005. Gold Institute cash costs were \$350 per ounce in the second quarter of 2006 which has increased slightly from the first quarter of 2006 and the second quarter of 2005.

Capital expenditures were \$8.3 million for the second quarter of 2006 and \$16.4 million year-to-date. \$12.1 million of the year-to-date amount was spent on the pit cut back and the remainder was spent on a variety of small capital projects.

Damang made profit distributions of \$10.0 million and \$25.0 million for the second quarter of 2006 and year-to-date, with IAMGOLD's share being \$2.8 million and \$4.7 million for the respective periods and has been included in the Company's operating cash flow. Cash balances at Damang as of June 30, 2006 were \$18.9 million.

#### Royalty Interests

| June 30, (\$000's)              | Three Months Ended |        | Six Months Ended |          |
|---------------------------------|--------------------|--------|------------------|----------|
|                                 | 2006               | 2005   | 2006             | 2005     |
| <b>Gold Royalties</b>           |                    |        |                  |          |
| Revenue                         | \$ 166             | \$ 817 | \$ 83            | \$ 1,523 |
| Amortization                    | 37                 | 544    | (24)             | 898      |
| <b>Diamond Royalties</b>        |                    |        |                  |          |
| Revenue                         | 1,261              | 1,457  | 3,074            | 3,014    |
| Amortization                    | 696                | 782    | 1,655            | 1,600    |
| Earnings from Royalty Interests | \$ 694             | \$ 948 | \$ 1,526         | \$ 2,049 |

On April 25, 2006, the Company sold the majority of its gold royalty interests for consideration of \$21.9 million. Per the sale agreement, all royalty revenues accruing from the beginning of the year were for the benefit of the purchaser. As a result, earnings from royalty interests in the second quarter of 2006 are approximately 26% lower than the second quarter of 2005 and 26% on a year-to-date basis. 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.

The Company continues to receive royalty revenue from the Diavik diamond mine in Canada and the Magistral gold mine in Mexico.

### *Corporate Administration and Exploration*

Corporate administration of \$3.7 million for the second quarter of 2006 and \$6.3 million year-to-date is higher than the \$1.7 million for the second quarter of 2005 and \$3.7 million year-to-date due to general increases in costs and expenditures and the addition of a satellite office in Perth, Australia.

Exploration expenditures of \$5.6 million in the second quarter of 2006 and \$7.8 million year-to-date were higher than the \$3.5 million expended in the second quarter of 2005 and the \$4.6 million year-to-date for 2005. The increase is mainly a result of increased activities due to the acquisition of GGL. Certain development expenditures relating to the Quimsacocha project in Ecuador, the Buckreef project in Tanzania and the Mupane mine and surrounding area in Botswana are being capitalized and constitute \$4.1 million of the year-to-date total. The exploration budget for the second half of 2006 is \$16.1 million with \$6.7 million being capitalized.

### *Cash Flow*

Operating cash flow was \$24.3 million for the second quarter of 2006 and \$46.1 million year-to-date compared to \$5.7 million and \$14.2 million for the same periods in 2005. The increase in operating cash flow is a result of improved performances at the Sadiola and Yatela operations, increased gold prices, increased dividend distributions from the Tarkwa and Damang operations and the addition of operating activities resulting from the acquisition of GGL.

Financing cash flow was negative \$22.3 million in the second quarter of 2006 and negative \$25.6 million year-to-date compared to \$0.7 million and negative \$5.4 million for the respective periods in 2005. The change is mainly a result of debt repayments relating to the Mupane \$16.3 million and Yatela of \$6.6 million and the purchase of Mupane call options of \$3.4 million.

Investing cash flow was negative \$0.4 million in the second quarter of 2006 and \$4.7 million year-to-date compared to negative \$2.3 million and negative \$6.0 million for the respective periods in 2005. The increase in cash flow is mainly a result of loan repayments received from Tarkwa of \$4.2 million during the quarter and \$12.5 million year-to-date. In respect of investing activities at the Sadiola, Yatela and Mupane operations, \$1.9 million was expended during the second quarter of 2006 and \$2.5 million year-to-date.

## LIQUIDITY AND CAPITAL RESOURCES

The Company maintains a strong balance sheet and has sufficient liquidity and capital resources to fund its known commitments.

### *Working Capital*

The Company's consolidated working capital position is set out below (in \$ million):

|                 | June 30,<br>2006 | December 31,<br>2005 |
|-----------------|------------------|----------------------|
| Working Capital | \$ 146.0         | \$ 114.5             |
| Current Ratio   | 4.0              | 5.0                  |

### *Cash and Short-Term Deposits*

Consolidated cash and short-term deposit balances totaled \$102.3 million at June 30, 2006 compared to \$61.4 million at year-end 2005, and can be segmented as follows (in \$ millions):

|  | June 30,<br>2006 | December 31,<br>2005 |
|--|------------------|----------------------|
| Corporate cash and short-term deposits | \$ 90.9          | \$ 53.4              |
| Joint venture cash                     | 11.4             | 8.0                  |
| Total                                  | 102.3            | 61.4                 |

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 \$6.8 million and \$3.6 million respectively as at June 30, 2006 and \$8.6 million and \$7.7 million respectively as at December 31, 2005.

Corporate cash and short-term deposits increased by \$16.7 million in the second quarter of 2006 and \$37.5 million year-to-date compared to an increase of \$9.9 million and \$3.3 million in the same periods of 2005. Cash flows that determined these changes are shown below (in \$ millions):

| June 30,   | Three Months Ended |                | Six Months Ended |                |
|--|--------------------|----------------|------------------|----------------|
|  | 2006               | 2005           | 2006             | 2005           |
| <b>Inflows</b>   |                    |                |                  |                |
| Yatela cash receipts   | \$ 9.8             | \$ 3.3         | \$ 19.4          | \$ 3.3         |
| Tarkwa cash receipts   | 6.1                | 4.7            | 16.3             | 4.7            |
| Sadiola cash receipts  | 12.4               | 4.2            | 16.2             | 4.2            |
| Cash proceeds from sale of gold royalties                              | 13.9               | -              | 13.9             | -              |
| Share issuances, net of share issue costs                              | 0.9                | 2.4            | 9.4              | 3.5            |
| Damang cash receipts   | 2.8                | -              | 4.7              | -              |
| Royalties received, net of withholding taxes and gold bullion receipts | 1.3                | 2.0            | 3.0              | 3.8            |
| Interest income  | 0.3                | 0.2            | 1.2              | 0.4            |
| Foreign exchange gain on cash balances                                 | 0.8                | -              | 0.6              | -              |
|  | <u>\$ 48.3</u>     | <u>\$ 16.8</u> | <u>\$ 84.7</u>   | <u>\$ 19.9</u> |
| <b>Outflows</b>  |                    |                |                  |                |
| Repayment of Mupane loan   | \$ 16.3            | \$ -           | \$ 16.3          | \$ -           |
| Dividends  | -                  | -              | 8.9              | -              |
| Exploration, development and exploration administration                | 5.6                | 3.5            | 7.8              | 4.6            |
| Corporate administration and taxes                                     | 2.8                | 1.9            | 5.1              | 3.5            |
| Gallery Gold acquisition transaction costs, net of cash acquired       | 1.1                | -              | 3.2              | -              |
| Purchase of call options   | 3.4                | -              | 3.4              | -              |
| Working capital and other  | 1.3                | 1.5            | 1.4              | 1.2            |
| Mupane mining assets   | 0.7                | -              | 0.7              | -              |
| Other assets   | 0.4                | -              | 0.4              | -              |
|  | <u>\$ 31.6</u>     | <u>\$ 6.9</u>  | <u>\$ 47.2</u>   | <u>\$ 16.6</u> |
| Net inflow (outflow)   | <u>\$ 16.7</u>     | <u>\$ 9.9</u>  | <u>\$ 37.5</u>   | <u>\$ 3.3</u>  |

The impact on corporate cash balances resulting from the acquisition of GGL is as follows (in \$millions):

|                             |                 |
|-----------------------------|-----------------|
| Cash balance acquired       | \$ 0.9          |
| Purchase of Gallery options | (2.5)           |
| Transaction costs           | (1.6)           |
|                             | <u>\$ (3.2)</u> |

In addition, the Company paid \$0.7 million in 2005 for transaction costs in respect of the acquisition of GGL.

### *Gold Bullion*

At June 30, 2006, the accumulated gold bullion balance was 148,625 ounces at an average cost of \$329 per ounce for a total cost of \$48.9 million. The market value of the bullion was \$91.2 million using a June 30, 2006 gold price of \$614 per ounce.

### *Contractual Obligations*

During the six month period ended June 30, 2006, the following changes occurred to the Company's contractual commitments.

- i) The long-term debt of \$6.9 million was repaid, and
- ii) On acquisition of Gallery Gold in the first quarter, the Company assumed \$16.3 million of third party loans, all of which were repaid during the second quarter.

*Some of the disclosures included in this interim report for the second quarter of 2006 represent forward-looking statements (as defined in the US Securities Exchange Act of 1934). Such statements are based on assumptions and estimates related to future economic and market conditions. While management reviews the reasonableness of such assumptions and estimates, unusual or unanticipated events may occur which render them inaccurate. Under such circumstance, future performances may differ materially from projections.*

16 As at August 10, 2006, the number of shares issued and outstanding of the Corporation was 175.8 million.

#### FOR FURTHER INFORMATION CONTACT:

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#### *Please note:*

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## SUPPLEMENTAL INFORMATION TO THE MD&A

### 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 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 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.

| (in \$000's except where noted)                           | 2006      |           |          | 2005     |          |          |
|---|-----------|-----------|----------|----------|----------|----------|
|   | Q2        | Q1        | Q4       | Q3       | Q2       | Q1       |
| <b>Net earnings from mining operations:</b>               |           |           |          |          |          |          |
| <b>100% owned mine:</b>                                   |           |           |          |          |          |          |
| Mupane  | \$ 871    | \$ -      | \$ -     | \$ -     | \$ -     | \$ -     |
| <b>Joint ventures:</b>                                    |           |           |          |          |          |          |
| Sadiola   | 10,545    | 4,463     | 1,846    | 3,328    | 1,632    | 1,427    |
| Yatela  | 13,695    | 8,543     | 3,893    | 1,521    | 965      | 1,874    |
| <b>Working interests:</b>                                 |           |           |          |          |          |          |
| Tarkwa  | 5,963     | 7,185     | 2,828    | 2,259    | 3,371    | 5,278    |
| Damang  | 2,049     | 1,616     | 831      | 292      | 164      | 444      |
| As per segmented information note to financial statements | \$ 33,123 | \$ 21,807 | \$ 9,398 | \$ 7,400 | \$ 6,132 | \$ 9,023 |
| <b>Mupane (100%)</b>                                      |           |           |          |          |          |          |
| Gold revenue  | \$ 14,351 |           |          |          |          |          |
| Mining costs:   |           |           |          |          |          |          |
| Total cash costs  | (9,602)   |           |          |          |          |          |
| Stockpile movement  | 801       |           |          |          |          |          |
| Gold Institute cash costs                                 | (8,801)   | -         | -        | -        | -        | -        |
| Change in bullion inventory                               | (678)     |           |          |          |          |          |
| Exploration expensed                                      | (60)      |           |          |          |          |          |
| Foreign exchange, interest and other                      | (110)     |           |          |          |          |          |
| Other non-cash adjustments                                | -         |           |          |          |          |          |
|   | (848)     | -         | -        | -        | -        | -        |
| Mining costs  | (9,649)   | -         | -        | -        | -        | -        |
|   | 4,702     | -         | -        | -        | -        | -        |
| Depreciation  | (4,243)   |           |          |          |          |          |
| Income taxes  | 412       |           |          |          |          |          |
| Net earnings from Mupane                                  | \$ 871    | \$ -      | \$ -     | \$ -     | \$ -     | \$ -     |
| Gold production - 100% (000 oz)                           | 22        |           |          |          |          |          |
| Total cash costs per ounce (\$/oz)                        | \$ 431    |           |          |          |          |          |
| Gold Institute cash costs per ounce (\$/oz)               | \$ 395    |           |          |          |          |          |

| (in \$000's except where noted)             | 2006      |           |           | 2005      |           |           |
|---|-----------|-----------|-----------|-----------|-----------|-----------|
|   | Q2        | Q1        | Q4        | Q3        | Q2        | Q1        |
| <b>Sadiola (38% proportionate share):</b>   |           |           |           |           |           |           |
| Gold revenue                                | \$ 31,143 | \$ 23,361 | \$ 21,377 | \$ 19,464 | \$ 17,855 | \$ 16,597 |
| Mining costs:                               |           |           |           |           |           |           |
| Total cash costs                            | (15,212)  | (13,442)  | (13,963)  | (11,917)  | (13,202)  | (12,259)  |
| Stockpile movement                          | 1,946     | 1,897     | 1,686     | 1,135     | 1,987     | 1,273     |
| Gold Institute cash costs                   | (13,266)  | (11,545)  | (12,277)  | (10,782)  | (11,215)  | (10,986)  |
| Change in bullion inventory                 | 299       | 21        | (242)     | (20)      | 147       | (38)      |
| Exploration expensed                        | (53)      | (145)     | (50)      | (75)      | (181)     | (62)      |
| Foreign exchange, interest and other        | 439       | (1,456)   | (3,797)   | (313)     | (1,157)   | (774)     |
| Other non-cash adjustments                  | 24        | 25        | 133       | 132       | 131       | 340       |
|   | 709       | (1,555)   | (3,956)   | (276)     | (1,060)   | (534)     |
| Mining costs                                | (12,557)  | (13,100)  | (16,233)  | (11,058)  | (12,275)  | (11,520)  |
|   | 18,586    | 10,261    | 5,144     | 8,406     | 5,580     | 5,077     |
| Depreciation                                | (3,113)   | (2,521)   | (3,283)   | (3,312)   | (3,094)   | (2,900)   |
| Income taxes                                | (4,928)   | (3,277)   | (15)      | (1,766)   | (854)     | (750)     |
| Net earnings from Sadiola                   | \$ 10,545 | \$ 4,463  | \$ 1,846  | \$ 3,328  | \$ 1,632  | \$ 1,427  |
| Gold production - 100% (000 oz)             | 136       | 111       | 112       | 116       | 113       | 101       |
| Gold production - 38% (000 oz)              | 52        | 42        | 43        | 44        | 43        | 38        |
| Total cash costs per ounce (\$/oz)          | \$ 295    | \$ 318    | \$ 328    | \$ 270    | \$ 307    | \$ 321    |
| Gold Institute cash costs per ounce (\$/oz) | \$ 257    | \$ 273    | \$ 289    | \$ 244    | \$ 261    | \$ 288    |

| (in \$000's except where noted)             | 2006      |           |           | 2005     |          |           |
|---|-----------|-----------|-----------|----------|----------|-----------|
|   | Q2        | Q1        | Q4        | Q3       | Q2       | Q1        |
| <b>Yatela (40% proportionate share):</b>    |           |           |           |          |          |           |
| Gold revenue                                | \$ 25,034 | \$ 19,390 | \$ 15,617 | \$ 8,440 | \$ 9,410 | \$ 10,633 |
| Mining costs:                               |           |           |           |          |          |           |
| Total cash costs                            | (9,487)   | (7,775)   | (8,032)   | (7,541)  | (6,998)  | (6,374)   |
| Cash cost adjustments:                      |           |           |           |          |          |           |
| Stockpile movement                          | 835       | 1,175     | (144)     | (1,879)  | (1,741)  | (429)     |
| Deferred stripping                          | (1,174)   | (939)     | 1,538     | 3,199    | 1,766    | 249       |
| Gold in process                             | 1,163     | 738       | (273)     | (194)    | 49       | 382       |
|   | 824       | 974       | 1,121     | 1,126    | 75       | 202       |
| Gold Institute cash costs                   | (8,663)   | (6,801)   | (6,911)   | (6,415)  | (6,924)  | (6,172)   |
| Change in bullion inventory                 | -         | (531)     | (471)     | 747      | 255      | (611)     |
| Exploration expensed                        | (3)       | (8)       | -         | -        | -        | -         |
| Foreign exchange, interest and other        | 1,582     | (358)     | (1,528)   | 152      | (129)    | (130)     |
| Other non-cash adjustments                  | 190       | 176       | 98        | 75       | 153      | (19)      |
|   | 1,769     | (721)     | (1,901)   | 974      | 279      | (760)     |
| Mining costs                                | (6,894)   | (7,522)   | (8,812)   | (5,441)  | (6,645)  | (6,932)   |
|   | 18,140    | 11,868    | 6,805     | 2,999    | 2,765    | 3,701     |
| Depreciation                                | (4,288)   | (3,584)   | (2,912)   | (1,478)  | (1,800)  | (1,827)   |
| Income taxes                                | (157)     | 259       | -         | -        | -        | -         |
| Net earnings (loss) from Yatela             | \$ 13,695 | \$ 8,543  | \$ 3,893  | \$ 1,521 | \$ 965   | \$ 1,874  |
| Gold production - 100% (000 oz)             | 100       | 82        | 78        | 54       | 57       | 58        |
| Gold production - 40% (000 oz)              | 40        | 33        | 31        | 21       | 23       | 23        |
| Total cash costs per ounce (\$/oz)          | \$ 238    | \$ 236    | \$ 257    | \$ 352   | \$ 309   | \$ 277    |
| Gold Institute cash costs per ounce (\$/oz) | \$ 217    | \$ 207    | \$ 221    | \$ 300   | \$ 306   | \$ 268    |

| (in \$000's except where noted)             | 2006      |           |           | 2005      |           |           |
|---|-----------|-----------|-----------|-----------|-----------|-----------|
|   | Q2        | Q1        | Q4        | Q3        | Q2        | Q1        |
| <b>Tarkwa (18.9% proportionate share):</b>  |           |           |           |           |           |           |
| Gold revenue                                | \$ 20,835 | \$ 20,079 | \$ 15,188 | \$ 14,387 | \$ 16,154 | \$ 14,954 |
| Mining costs:                               |           |           |           |           |           |           |
| Total cash costs                            | (11,555)  | (11,110)  | (9,801)   | (9,654)   | (9,384)   | (8,252)   |
| Gold in process                             | 280       | 65        | 524       | 102       | (183)     | (77)      |
| Gold Institute cash costs                   | (11,275)  | (11,045)  | (9,277)   | (9,552)   | (9,567)   | (8,329)   |
| Interest income (expense)                   | 40        | (33)      | (119)     | 248       | 136       | 130       |
| Mining costs                                | (11,235)  | (11,078)  | (9,396)   | (9,304)   | (9,431)   | (8,199)   |
|   | 9,600     | 9,001     | 5,792     | 5,083     | 6,723     | 6,755     |
| Depreciation                                | (1,776)   | (1,984)   | (1,756)   | (1,837)   | (1,898)   | (2,201)   |
| Income taxes                                | (1,861)   | 168       | (1,208)   | (987)     | (1,454)   | 724       |
| Net earnings from Tarkwa                    | \$ 5,963  | \$ 7,185  | \$ 2,828  | \$ 2,259  | \$ 3,371  | \$ 5,278  |
| Gold production - 100% (000 oz)             | 176       | 192       | 167       | 174       | 199       | 185       |
| Gold production - 18.9% (000 oz)            | 33        | 36        | 32        | 33        | 37        | 35        |
| Total cash costs per ounce (\$/oz)          | \$ 347    | \$ 305    | \$ 311    | \$ 293    | \$ 249    | \$ 236    |
| Gold Institute cash costs per ounce (\$/oz) | \$ 339    | \$ 304    | \$ 295    | \$ 290    | \$ 254    | \$ 238    |

| (in \$000's except where noted)                              | 2006      |           |           | 2005      |           |           |
|--|-----------|-----------|-----------|-----------|-----------|-----------|
|  | Q2        | Q1        | Q4        | Q3        | Q2        | Q1        |
| <b>Damang (18.9% proportionate share):</b>                   |           |           |           |           |           |           |
| Gold revenue   | \$ 6,611  | \$ 6,447  | \$ 5,474  | \$ 4,733  | \$ 4,713  | \$ 4,367  |
| Mining costs:  |           |           |           |           |           |           |
| Total cash costs   | (3,805)   | (3,916)   | (3,631)   | (3,620)   | (3,778)   | (3,209)   |
| Gold in process  | 115       | (128)     | (123)     | (388)     | (4)       | (311)     |
| Gold Institute cash costs                                    | (3,690)   | (4,044)   | (3,754)   | (4,008)   | (3,782)   | (3,520)   |
| Exploration expensed   | (101)     | (57)      | (107)     | (119)     | (63)      | (74)      |
| Interest income (expense)                                    | 146       | 19        | (129)     | 138       | 110       | 48        |
| Mining costs   | (3,645)   | (4,082)   | (3,990)   | (3,989)   | (3,735)   | (3,546)   |
|  | 2,966     | 2,365     | 1,484     | 744       | 978       | 821       |
| Depreciation   | (268)     | (278)     | (250)     | (295)     | (481)     | (381)     |
| Income taxes   | (649)     | (471)     | (403)     | (157)     | (333)     | 4         |
| Net earnings from Damang                                     | \$ 2,049  | \$ 1,616  | \$ 831    | \$ 292    | \$ 164    | \$ 444    |
| Gold production - 100% (000 oz)                              | 56        | 62        | 60        | 57        | 58        | 54        |
| Gold production - 18.9% (000 oz)                             | 11        | 12        | 11        | 11        | 11        | 10        |
| Total cash costs per ounce (\$/oz)                           | \$ 361    | \$ 334    | \$ 319    | \$ 335    | \$ 343    | \$ 315    |
| Gold Institute cash costs per ounce (\$/oz)                  | \$ 350    | \$ 345    | \$ 330    | \$ 371    | \$ 343    | \$ 345    |
| <b>Total mining operations:</b>                              |           |           |           |           |           |           |
| Gold revenue   | \$ 97,974 | \$ 69,277 | \$ 57,656 | \$ 47,024 | \$ 48,132 | \$ 46,551 |
| Mining costs:  |           |           |           |           |           |           |
| Total cash costs   | (49,661)  | (36,243)  | (35,427)  | (32,732)  | (33,362)  | (30,094)  |
| Total cash adjustments                                       | 3,966     | 2,808     | 3,208     | 1,975     | 1,874     | 1,087     |
| Gold Institute cash costs                                    | (45,695)  | (33,435)  | (32,219)  | (30,757)  | (31,488)  | (29,007)  |
| Other adjustments  | 1,715     | (2,347)   | (6,212)   | 965       | (598)     | (1,190)   |
| Mining costs   | (43,980)  | (35,782)  | (38,431)  | (29,792)  | (32,086)  | (30,197)  |
|  | 53,994    | 33,495    | 19,225    | 17,232    | 16,046    | 16,354    |
| Depreciation   | (13,688)  | (8,367)   | (8,201)   | (6,922)   | (7,273)   | (7,309)   |
| Income taxes   | (7,183)   | (3,321)   | (1,626)   | (2,910)   | (2,641)   | (22)      |
| Net earnings from all mines                                  | \$ 33,123 | \$ 21,807 | \$ 9,398  | \$ 7,400  | \$ 6,132  | \$ 9,023  |
| Attributable production (000 oz)                             | 158       | 123       | 117       | 109       | 114       | 106       |
| Weighted average Total cash costs per ounce (\$/oz)          | \$ 315    | \$ 294    | \$ 304    | \$ 299    | \$ 292    | \$ 283    |
| Weighted average Gold Institute cash costs per ounce (\$/oz) | \$ 290    | \$ 271    | \$ 276    | \$ 281    | \$ 275    | \$ 273    |

# IAMGOLD

## CONSOLIDATED STATEMENTS OF EARNINGS AND RETAINED EARNINGS

(Unaudited, United States Dollars in 000's, except per share data)

| June 30,  | Three Months Ended |                  | Six Months Ended  |                  |
|---|--------------------|------------------|-------------------|------------------|
|   | 2006               | 2005             | 2006              | 2005             |
| <b>Revenue:</b>                                   |                    |                  |                   |                  |
| Gold sales  | \$ 70,528          | \$ 27,265        | \$ 113,279        | \$ 54,495        |
| Royalties   | 1,427              | 2,274            | 3,157             | 4,537            |
|   | 71,955             | 29,539           | 116,436           | 59,032           |
| <b>Expenses:</b>                                  |                    |                  |                   |                  |
| Mining costs                                      | 29,100             | 18,921           | 49,722            | 37,373           |
| Depreciation and depletion                        | 11,644             | 4,894            | 17,749            | 9,621            |
| Amortization of royalty interests                 | 733                | 1,326            | 1,631             | 2,488            |
|   | 41,477             | 25,141           | 69,102            | 49,482           |
|   | 30,478             | 4,398            | 47,334            | 9,550            |
| Earnings from working interests                   | 8,012              | 3,535            | 16,813            | 9,257            |
|   | 38,490             | 7,933            | 64,147            | 18,807           |
| <b>Other expenses (income):</b>                   |                    |                  |                   |                  |
| Corporate administration                          | 3,700              | 1,715            | 6,346             | 3,669            |
| Exploration                                       | 2,425              | 3,489            | 3,714             | 4,646            |
| Foreign exchange                                  | (194)              | (194)            | (20)              | (350)            |
| Investment income                                 | (1,843)            | (118)            | (2,295)           | (209)            |
|   | 4,088              | 4,892            | 7,745             | 7,756            |
| Earnings before income taxes                      | 34,402             | 3,041            | 56,402            | 11,051           |
| <b>Income taxes (recovery):</b>                   |                    |                  |                   |                  |
| Current   | 4,991              | 1,186            | 8,120             | 2,122            |
| Future  | (427)              | (520)            | (1,407)           | (1,189)          |
|   | 4,564              | 666              | 6,713             | 933              |
| Net earnings                                      | 29,838             | 2,375            | 49,689            | 10,118           |
| Retained earnings, beginning of period            | 73,872             | 50,140           | 54,021            | 42,397           |
| <b>Retained earnings, end of period</b>           | <b>\$ 103,710</b>  | <b>\$ 52,515</b> | <b>\$ 103,710</b> | <b>\$ 52,515</b> |
| <b>Number of common shares (000's)</b>            |                    |                  |                   |                  |
| Average outstanding during period                 | 175,693            | 146,482          | 163,848           | 146,075          |
| Outstanding at end of period                      | 175,804            | 146,796          | 175,804           | 146,796          |
| <b>Net earnings per share (basic and diluted)</b> | <b>\$ 0.17</b>     | <b>\$ 0.02</b>   | <b>\$ 0.30</b>    | <b>\$ 0.07</b>   |

See accompanying notes to the consolidated financial statements.

# IAMGOLD

## CONSOLIDATED BALANCE SHEET

(Unaudited, United States Dollars in 000's, except per share data)

| As at   | June 30,<br>2006 | December 31,<br>2005 |
|---|------------------|----------------------|
| <b>ASSETS</b>   |                  |                      |
| <b>Current assets:</b>  |                  |                      |
| Cash and cash equivalents (note 3)                                      | \$ 70,653        | \$ 45,534            |
| Short term deposits   | 31,658           | 15,823               |
| Gold bullion (market value \$91,182; Dec. 31, 2005 - \$76,139) (note 4) | 48,964           | 48,840               |
| Accounts receivable and other   | 24,681           | 20,267               |
| Inventories   | 18,662           | 12,825               |
|   | 194,618          | 143,289              |
| Ore stockpiles  | 34,180           | 17,941               |
| Long-term receivables   | 16,073           | 13,600               |
| Working interests   | 88,520           | 92,762               |
| Royalty interests   | 42,067           | 51,482               |
| Mining interests  | 189,199          | 70,716               |
| Development   | 101,650          | 962                  |
| Other assets  | 10,719           | 3,347                |
| Goodwill  | 133,922          | 74,886               |
|   | \$ 810,948       | \$ 468,985           |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>                             |                  |                      |
| <b>Current liabilities:</b>   |                  |                      |
| Accounts payable and accrued liabilities                                | \$ 32,903        | \$ 19,892            |
| Current portion of forward sales liability                              | 15,675           | -                    |
| Dividends payable   | -                | 8,870                |
|   | 48,578           | 28,762               |
| <b>Long-term liabilities:</b>   |                  |                      |
| Long-term portion of loans payable (note 5)                             | -                | 6,924                |
| Future income tax liability   | 46,307           | 14,791               |
| Asset retirement obligations  | 10,285           | 7,506                |
| Long-term portion of forward sales liability                            | 36,755           | -                    |
|   | 93,347           | 29,221               |
| <b>Shareholders' equity:</b>  |                  |                      |
| Common shares (Issued: 175,804,000 shares) (note 6(a))                  | 560,666          | 352,606              |
| Stock-based compensation (note 6(b))                                    | 4,955            | 4,671                |
| Share purchase loans  | (308)            | (296)                |
| Retained earnings   | 103,710          | 54,021               |
|   | 669,023          | 411,002              |
|   | \$ 810,948       | \$ 468,985           |

See accompanying notes to the consolidated financial statements.

# IAMGOLD

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited, United States Dollars in 000's, except per share data)

| June 30,   | Three Months Ended |           | Six Months Ended |           |
|--|--------------------|-----------|------------------|-----------|
|  | 2006               | 2005      | 2006             | 2005      |
| <b>Operating activities:</b>                                     |                    |           |                  |           |
| Net income   | \$ 29,838          | \$ 2,375  | \$ 49,689        | \$ 10,118 |
| Items not affecting cash:  |                    |           |                  |           |
| Earnings from working interests, net of dividends                | (5,379)            | 1,190     | (8,308)          | (4,532)   |
| Depreciation, depletion and amortization                         | 12,506             | 6,233     | 19,543           | 12,138    |
| Amortization of forward sales liability                          | (3,677)            | -         | (3,677)          | -         |
| Future income taxes  | (427)              | (520)     | (1,407)          | (1,189)   |
| Stock-based compensation   | 848                | 209       | 1,344            | 398       |
| Gain on sale of royalties and repurchase<br>of call options      | (1,352)            | -         | (1,352)          | -         |
| Unrealized foreign exchange losses (gains)                       | 562                | (225)     | 731              | (332)     |
| Change in non-cash operating working capital                     |                    |           |                  |           |
| Current  | (5,838)            | (3,516)   | (123)            | (1,506)   |
| Long-term  | (2,805)            | (66)      | (10,370)         | (882)     |
|  | 24,276             | 5,680     | 46,070           | 14,213    |
| <b>Financing activities:</b>                                     |                    |           |                  |           |
| Issue of common shares, net of issue costs                       | 894                | 2,371     | 9,431            | 3,537     |
| Dividends paid   | -                  | -         | (8,870)          | (7,276)   |
| Repayments of non-recourse loans                                 | (3,603)            | (1,703)   | (6,578)          | (1,707)   |
| Repayments of loans payable                                      | (16,252)           | -         | (16,252)         | -         |
| Repurchase of call options                                       | (3,363)            | -         | (3,363)          | -         |
|  | (22,324)           | 668       | (25,632)         | (5,446)   |
| <b>Investing activities:</b>                                     |                    |           |                  |           |
| Gallery Gold acquisition costs, net of cash<br>acquired (note 1) | (1,024)            | -         | (3,170)          | -         |
| Mining interests   | (1,872)            | (2,805)   | (2,533)          | (6,223)   |
| Development  | (3,183)            | -         | (4,106)          | -         |
| Note receivable  | 2,324              | 806       | 4,475            | 734       |
| Distributions received from working interests                    | 6,275              | -         | 12,550           | -         |
| Short term deposits  | (16,323)           | -         | (15,835)         | -         |
| Gold bullion royalties   | (112)              | (169)     | (124)            | (381)     |
| Proceeds from sale of royalty interests (note 2)                 | 13,850             | -         | 13,850           | -         |
| Other assets   | (370)              | (138)     | (426)            | (142)     |
|  | (435)              | (2,306)   | 4,681            | (6,012)   |
| <b>Increase in cash and cash equivalents</b>                     | 1,517              | 4,042     | 25,119           | 2,755     |
| <b>Cash and cash equivalents, beginning of period</b>            | 69,136             | 36,093    | 45,534           | 37,380    |
| <b>Cash and cash equivalents, end of period</b>                  | \$ 70,653          | \$ 40,135 | \$ 70,653        | \$ 40,135 |
| <b>Supplemental cash flow information:</b>                       |                    |           |                  |           |
| Interest paid  | \$ 1,924           | \$ 47     | \$ 2,670         | \$ 47     |
| Income taxes   | 4,991              | 1,186     | 8,120            | 2,122     |

See accompanying notes to the consolidated financial statements.

# NOTES TO CONSOLIDATED STATEMENTS

(Unaudited, Tabular amounts in thousands of United States Dollars except per share data)

## *For the period ended June 30, 2006*

The interim consolidated financial statements of IAMGOLD Corporation (“the Company”) have been prepared by management in accordance with accounting principles generally accepted in Canada, except they do not contain all the disclosures as required for annual financial statements. The interim consolidated financial statements have been prepared following the same accounting policies and methods of computation as the consolidated financial statements for the fiscal year ended December 31, 2005 except as noted. The interim consolidated financial statements should be read in conjunction with the consolidated financial statements and the notes thereto in the Company’s annual report for the year ended December 31, 2005. The results of operations for the six-month period are not necessarily indicative of the results to be expected for the full year.

### 1. ACQUISITION:

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 development project in Tanzania. The purchase price has been determined to be \$202.3 million, including acquisition expenses of \$2.5 million and the purchase of GGL common share options for \$2.4 million.

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:

|  | Fair Value        |
|--|-------------------|
| <b>Assets and liabilities acquired:</b>          |                   |
| Cash and cash equivalents                        | \$ 971            |
| Accounts receivable and other                    | 3,506             |
| Inventories and stockpiles                       | 13,932            |
| Marketable securities                            | 472               |
| Mining interest                                  | 13,568            |
| Exploration and development                      | 96,582            |
| Other assets                                     | 1,377             |
| Goodwill   | 71,991            |
| Accounts payable and other liabilities           | (11,186)          |
| Loans payable                                    | (16,589)          |
| Forward sales liability                          | (56,107)          |
| Gold call option                                 | (3,604)           |
| Asset retirement obligation                      | (2,506)           |
| Future tax liability                             | (32,178)          |
|  | <b>\$ 202,329</b> |
| <b>Consideration paid:</b>                       |                   |
| Issue of 26,221,468 common shares of the Company | \$ 197,448        |
| Settlement of GGL common share options           | 2,402             |
| Cost of acquisition                              | 2,479             |
|  | <b>\$ 202,329</b> |

The forward sales liability is amortized and recorded as gold revenue when the forward sales contract is settled.

2. ROYALTY SALE:

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 \$21.9 million, consisting of \$13.9 million in cash, 12 million common shares of BMGX valued at \$6 million and a \$2.0 million 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. The debenture has a term of two years, carries an interest rate of 6%, is convertible into BMGX shares at a rate of \$0.50 per share and has been recorded in long-term receivables.

Goodwill attributable to the royalties sold of \$12.9 million was written off at the time of the sale, resulting in a net after tax gain of \$0.6 million on the sale of the royalties.

3. CASH AND CASH EQUIVALENTS:

|                | June 30,<br>2006 | December 31,<br>2005 |
|----------------|------------------|----------------------|
| Corporate      | \$ 59,282        | \$ 37,576            |
| Joint ventures | 11,371           | 7,958                |
|                | \$ 70,653        | \$ 45,534            |

4. GOLD BULLION:

As at June 30, 2006, the Company held 148,625 ounces of gold bullion at an average cost of \$329 per ounce for a total cost of \$48.9 million. The market value of this gold bullion, based on the market close price on June 30, 2006 of \$614 per ounce was \$91.2 million.

5. LOANS PAYABLE:

- (a) The Yatela loan (December 31, 2005-\$6.9 million) was repaid in June 2006.
- (b) The Mupane loan of \$16.2 million, acquired from GGL, was repaid in June 2006.

6. SHARE CAPITAL:

(a) *Authorized:*

- Unlimited first preference of 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, 2005    | 147,648,127      | \$ 352,606 |
| Shares issued on acquisition of GGL (note 1) | 26,221,468       | 197,448    |
| Exercise of options                          | 1,905,234        | 10,372     |
| Share bonus issued                           | 14,330           | 122        |
| Share purchase plan                          | 14,867           | 118        |
| Issued and outstanding, June 30, 2006        | 175,804,026      | \$ 560,666 |

(b) *Stock-based compensation:*

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.

A summary of the status of the Company's share option plan as of June 30, 2006 and changes during the six months then ended is presented below. All exercise prices are denominated in Canadian dollars.

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|                                    | Options     | Weighted Average Exercise Price |
|------------------------------------|-------------|---------------------------------|
| Outstanding, January 1, 2006       | 4,076,242   | \$ 6.62                         |
| Granted                            | 1,455,000   | 10.63                           |
| Exercised                          | (1,905,234) | 5.71                            |
| Forfeited                          | (21,666)    | 9.44                            |
| Outstanding, June 30, 2006         | 3,604,342   | \$ 8.70                         |
| Options exercisable, June 30, 2006 | 1,601,842   | \$ 7.00                         |

The fair value of the options granted in 2006 has been estimated at the date of grant using a Black-Scholes option pricing model with the following assumptions: a weighted average risk-free interest rate of 5%, dividend yield of 1%, a weighted average volatility factor of the expected market price of the Company's common stock of 37%; and a weighted average expected life of these options of 4 or 8 years. The estimated fair value of the options is expensed over the options' vesting period of 3 years and recorded as stock-based compensation within shareholders' equity. As options are exercised, these corresponding values are transferred to the common share account within shareholders' equity. For the six months ended June 30, 2006, \$1.1 million was recorded as compensation expense.

The Company has a share purchase plan for employees whereby the Company will match the participants' contribution to purchase a maximum of 750,000 common shares. The plan was activated in 2005. \$0.06 million was recorded as compensation expense and 14,867 restricted common shares were issued to employees during the six months ended June 30, 2006. Common shares issued under the share purchase plan are restricted for one year.

The Company has a share bonus plan for employees whereby a maximum of 600,000 common shares may be awarded. The Company awarded share bonuses totaling 6,940 shares for the six months ended June 30, 2006 to non-executive board members and recorded \$0.1 million as compensation expense. The Company awarded 22,172 restricted common shares with a value of Cdn\$0.2 million in 2004 and 77,700 restricted common shares with a value of Cdn\$0.8 million in 2006 which are to be issued over a three-year vesting period, of which 7,390 shares were issued and \$0.2 million was recorded as compensation expense for the six months ended June 30, 2006.

## 7. SEGMENTED INFORMATION:

- (a) The preliminary allocation of the Company's assets, liabilities, revenue and expenses to the appropriate reporting segments identified by the Company is as follows:

| June 30,<br>2006                                 | Mali       | Ghana      | Botswana   | Exploration<br>and<br>Development | Corporate  | Total      |
|--|------------|------------|------------|-----------------------------------|------------|------------|
| Cash and gold bullion                            | \$ 11,371  | \$ -       | \$ 6,020   | \$ 1,981                          | \$ 131,903 | \$ 151,275 |
| Other current assets                             | 35,060     | -          | 6,311      | 534                               | 1,438      | 43,343     |
| Long-term assets                                 | 93,431     | -          | 181,868    | 94,775                            | 98,576     | 468,650    |
| Long-term assets related<br>to working interests |            | 147,680    | -          | -                                 | -          | 147,680    |
|  | \$ 139,862 | \$ 147,680 | \$ 194,199 | \$ 97,290                         | \$ 231,917 | \$ 810,948 |
| Current liabilities                              | \$ 20,902  | \$ -       | \$ 22,661  | \$ 2,227                          | \$ 2,788   | \$ 48,578  |
| Long-term liabilities                            | 8,046      | -          | 48,954     | 32,157                            | 4,190      | 93,347     |
|  | \$ 28,948  | \$ -       | \$ 71,615  | \$ 34,384                         | \$ 6,978   | \$ 141,925 |

  

| December 31,<br>2005                             | Mali       | Ghana      | Botswana | Exploration<br>and<br>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    | -          | -        | 962                               | 70,805     | 173,774    |
| Long-term assets related<br>to working interests |            | 151,922    | -        | -                                 | -          | 151,922    |
|  | \$ 140,512 | \$ 151,922 | \$ -     | \$ 2,035                          | \$ 174,516 | \$ 468,985 |
| Current liabilities                              | \$ 15,867  | \$ -       | \$ -     | \$ 596                            | \$ 12,299  | \$ 28,762  |
| Long-term liabilities                            | 14,461     | -          | -        | -                                 | 14,760     | 29,221     |
|  | \$ 30,328  | \$ -       | \$ -     | \$ 596                            | \$ 27,059  | \$ 57,983  |

| Three months ended June 30,<br>2006              | Exploration and<br>Development |          |           |             |           | Total     |
|--|--------------------------------|----------|-----------|-------------|-----------|-----------|
|  | Mali                           | Ghana    | Botswana  | Development | Corporate |           |
| Revenues   | \$ 56,177                      | \$ -     | \$ 14,351 | \$ -        | \$ 1,427  | \$ 71,955 |
| Earnings from working<br>interests               | -                              | 8,012    | -         | -           | -         | 8,012     |
| Operating costs of mine                          | 21,417                         | -        | 9,479     | -           | -         | 30,896    |
| Depreciation, depletion<br>and amortization      | 7,401                          | -        | 4,243     | -           | 733       | 12,377    |
| Exploration expense                              | 55                             | -        | 60        | 2,425       | -         | 2,540     |
| Other expense                                    | (421)                          | -        | 82        | 56          | 3,450     | 3,167     |
| Interest and investment<br>expense (income), net | (1,600)                        | -        | 28        | (11)        | (1,832)   | (3,415)   |
| Income taxes                                     | 5,086                          | -        | (412)     | -           | (110)     | 4,564     |
| Net earnings (loss)                              | \$ 24,239                      | \$ 8,012 | \$ 871    | \$ (2,470)  | \$ (814)  | \$ 29,838 |

| Three months ended June 30,<br>2005              | Exploration and<br>Development |          |          |             |           | Total     |
|--|--------------------------------|----------|----------|-------------|-----------|-----------|
|  | Mali                           | Ghana    | Botswana | Development | Corporate |           |
| Revenues   | \$ 27,265                      | \$ -     | \$ -     | \$ -        | \$ 2,274  | \$ 29,539 |
| Earnings from working<br>interests               | -                              | 3,535    | -        | -           | -         | 3,535     |
| Operating costs of mine                          | 17,453                         | -        | -        | -           | -         | 17,453    |
| Depreciation, depletion<br>and amortization      | 4,894                          | -        | -        | -           | 1,326     | 6,220     |
| Exploration expense                              | 181                            | -        | -        | 3,489       | -         | 3,670     |
| Other expense                                    | 138                            | -        | -        | 10          | 1,512     | 1,660     |
| Interest and investment<br>expense (income), net | 1,149                          | -        | -        | (3)         | (116)     | 1,030     |
| Income taxes                                     | 854                            | -        | -        | -           | (188)     | 666       |
| Net earnings (loss)                              | \$ 2,596                       | \$ 3,535 | \$ -     | \$ (3,496)  | \$ (260)  | \$ 2,375  |

| Six months ended June 30,<br><b>2006</b>      | Exploration and<br>Development |           |           |             |            | Total      |
|---|--------------------------------|-----------|-----------|-------------|------------|------------|
|   | Mali                           | Ghana     | Botswana  | Development | Corporate  |            |
| Revenues                                      | \$ 98,928                      | \$ -      | \$ 14,351 | \$ -        | \$ 3,157   | \$ 116,436 |
| Earnings from working interests               | -                              | 16,813    | -         | -           | -          | 16,813     |
| Operating costs of mine                       | 40,071                         | -         | 9,479     | -           | -          | 49,550     |
| Depreciation, depletion and amortization      | 13,506                         | -         | 4,243     | -           | 1,631      | 19,380     |
| Exploration expense                           | 209                            | -         | 60        | 3,714       | -          | 3,983      |
| Other expense                                 | 1,485                          | -         | 82        | 70          | 6,256      | 7,893      |
| Interest and investment expense (income), net | (1,692)                        | -         | 28        | (11)        | (2,284)    | (3,959)    |
| Income taxes                                  | 8,104                          | -         | (412)     | -           | (979)      | 6,713      |
| Net earnings (loss)                           | \$ 37,245                      | \$ 16,813 | \$ 871    | \$ (3,773)  | \$ (1,467) | \$ 49,689  |

| Six months ended June 30,<br><b>2005</b>      | Exploration and<br>Development |          |          |             |           | Total     |
|---|--------------------------------|----------|----------|-------------|-----------|-----------|
|   | Mali                           | Ghana    | Botswana | Development | Corporate |           |
| Revenues                                      | \$ 54,495                      | \$ -     | \$ -     | \$ -        | \$ 4,537  | \$ 59,032 |
| Earnings from working interests               | -                              | 9,257    | -        | -           | -         | 9,257     |
| Operating costs of mine                       | 34,939                         | -        | -        | -           | -         | 34,939    |
| Depreciation, depletion and amortization      | 9,621                          | -        | -        | -           | 2,488     | 12,109    |
| Exploration expense                           | 244                            | -        | -        | 4,646       | -         | 4,890     |
| Other expense                                 | 274                            | -        | -        | 9           | 3,310     | 3,593     |
| Interest and investment expense (income), net | 1,916                          | -        | -        | (7)         | (202)     | 1,707     |
| Income taxes                                  | 1,604                          | -        | -        | -           | (671)     | 933       |
| Net earnings (loss)                           | \$ 5,897                       | \$ 9,257 | \$ -     | \$ (4,648)  | \$ (388)  | \$ 10,118 |

- (b) The Company's share of mining asset additions at its joint ventures for the six months ended June 30, 2006 is \$1.9 million (2005 - \$6.2 million).

The preliminary allocation of the goodwill arising from the acquisition of GGL to the Botswana and the exploration and development reporting segments is \$38.3 million and \$33.7 million respectively.

- (c) The Company's \$11.4 million share of cash at June 30, 2006 (December 31, 2005 - \$7.9 million) in the joint ventures is not under the Company's direct control. The Company's share of joint venture cash flows for the period ended June 30, 2006 is as follows:

| June 30,                              | Three Months Ended |          | Six Months Ended |           |
|---------------------------------------|--------------------|----------|------------------|-----------|
|                                       | 2006               | 2005     | 2006             | 2005      |
| Cash flows from (used in) operations  | \$ 27,243          | \$ 5,306 | \$ 44,397        | \$ 14,030 |
| Cash flows from (used in) financing   | (5,059)            | (1,703)  | (8,034)          | (1,707)   |
| Cash flows from (used in) investments | 1,113              | (1,999)  | 2,603            | (5,489)   |





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