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IAMGOLD

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

The following Management's Discussion and Analysis ("MD&A") of IAMGOLD Corporation ("IAMGOLD" or "IMG" or the "Company"), dated August 7, 2008, should be read in conjunction with the MD&A for the year ended December 31, 2007, the Company's annual audited consolidated financial statements and related notes thereto, the supplementary financial information included in the Company's annual report, and the unaudited consolidated interim financial statements and notes contained in this report. The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). All figures in this MD&A are expressed in US dollars, unless stated otherwise. Additional information on IAMGOLD can be found at www.sedar.com, www.sec.gov/edgar.shtml, or www.iamgold.com. IAMGOLD's securities trade on the Toronto, New York, and Botswana stock exchanges.

IAMGOLD is an established gold mining and exploration company. IAMGOLD's interests include eight operating gold mines, a niobium producer, a diamond royalty and exploration projects located throughout Africa and the Americas.

FINANCIAL HIGHLIGHTS

- Net earnings increased by \$114.7 million to \$33.3 million or \$0.11 per share in the second quarter of 2008 compared to a net loss of \$81.4 million or \$0.28 per share loss in the second quarter of 2007. On an adjusted basis, net earnings increased by 169% to \$33.3 million or \$0.11 per share in the second quarter of 2008 compared to adjusted net earnings of \$12.4 million or \$0.04 per share in the second quarter of 2007. ^{(1) (2)}
- Significant increase of 219% in operating cash flow to \$44.9 million in the second quarter of 2008 compared to \$14.1 million in the second quarter of 2007.
- Gold production in the second quarter of 2008 was 255,000 ounces at an average cash cost ⁽²⁾ of \$472 per ounce compared to 251,000 ounces at an average cash cost of \$413 per ounce in the second quarter of 2007. Increased royalty costs driven by higher gold prices, rising fuel prices and the impact of a weaker US dollar were partially mitigated by operating efficiencies.
- Production outlook for 2008 increased to 950,000 ounces of gold at a revised cash cost of \$485-\$495 per ounce.
- Exploration and development expenditures were \$17.4 million during the second quarter of 2008. Near-mine exploration and development costs were \$9.1 million including activities on the Company's Westwood project, greenfields exploration expenditures totaled \$5.9 million and other capitalized development expenditures totaled \$2.4 million.
- Strong cash and gold bullion position of \$295.7 million (valuing gold bullion at market) together with a \$140.0 million five-year revolving credit facility provide significant financial flexibility.
- The operating margin per kilogram of niobium for the Niobec mine ⁽²⁾ continued to expand for the second quarter and first half of 2008 by 67% and 100% respectively, compared to the same periods in 2007.

(1) Adjusted net earnings for the second quarter of 2007 exclude the \$93.7 million impairment charge related to the Mupane mine.

(2) Adjusted net earnings, Cash cost, and Operating margin per kilogram of niobium for the Niobec mine are non-GAAP measures. Please refer to the Supplemental information attached to the MD&A for reconciliation to GAAP.

ACHIEVEMENTS

- The Company continued to focus its efforts on significantly accelerating the Westwood Project. As a result, "Warrenmac", a near surface zone within the Westwood resource, could be producing as early as the second half of 2010. In July 2008, the Company announced a 5% increase in contained gold ounces in the Westwood inferred resource. The revised inferred resources contain 3.5 million ounces of gold within 14.2 million tonnes of material at an average grade of 7.6 grams per tonne of gold using a cut-off grade of 3.0 grams per tonne.

- The Mupane gold mine transitioned to owner-mining in July 2008, which is expected to lower cash costs by at least \$40 per ounce compared to the previous life-of-mine plan. During the quarter, a transfer of an existing mining fleet to Botswana was initiated which will allow the Mupane gold mine to begin owner-mining in the third quarter of 2008. In July 2008, the Company announced that as a result of this initiative, the reserves at Mupane increased by 64,000 ounces and the life of the operation was extended by four to six months to mid 2012.
- The Yatela mine engaged a new mining contractor to begin operations during the third quarter of 2008, which is expected to lower cash costs by approximately \$40 per ounce compared to current operating costs.
- The Company continues to increase the value of the Niobec mine (a non-gold asset), with the expected completion of an \$8.0 million paste backfill plant by mid 2010. This project could double existing reserves and reduce future development and operating costs. The expected rate of return on the paste backfill is in excess of 20% at long-term niobium prices.
- In June 2008, at the Rosebel gold mine, the Company successfully resolved the 21 hour work stoppage by proactively working with the workers' union.
- Despite the traditionally challenging rainy season, which generally lowers production, Rosebel produced more gold in the second quarter of 2008 compared to the first quarter of 2008.
- The Company prepared and published its first Health, Safety & Sustainability Report which was guided by the Global Reporting Initiative (GRI). The report describes how IAMGOLD approaches sustainability reporting, as well as detailed information on the 2007 programs and performance in the areas of community relations, environment, health and safety, and employee well-being.
- The Company took a significant step towards achieving its goal of becoming a global leader in sustainable development by launching its comprehensive Zero Harm program to all employees. Zero Harm establishes IAMGOLD's commitment to:
 1. maintain the highest standards in human health,
 2. have a positive impact on the environment, and
 3. work in close co-operation with communities in which it operates.

Zero Harm is defined as no fatalities, no lost time due to accidents, no significant social impact and no environmental impact. Further expected benefits include lower costs and increased productivity. The objective of programs such as Zero Harm is to promote IAMGOLD as a partner of choice for countries seeking to develop responsible mining.

RECENT EVENTS AND INITIATIVES

- In July 2008, the Company acquired the participation royalty for the Doyon/Westwood property from Barrick Gold Corporation for cash consideration of \$13.0 million. The transaction eliminates the royalty obligation on the Doyon mine and any royalty costs on future production at Westwood. At current gold prices, this transaction is estimated to reduce cash costs at the Doyon division by approximately \$80 per ounce and increase depreciation by approximately \$80 per ounce for the remainder of the year.
- Following the French Government's denial of the permit for the construction of Camp Caiman and the declaration of the need to review the existing mining code, the Company has filed the appropriate legal claims to protect its rights and interests. Despite the setback, the Company continues to work with the French mining and environmental administration to ensure that the new mining framework that is currently being developed provides a basis for the highest standards for responsible mining that is economically viable.
- Results from the metallurgical heap leach test work on material from Buckreef and Busolwa-Buziba resources were received in June. These results are currently being incorporated into a scoping study. A revised resource and reserve was announced in July, which incorporated an inferred resource estimate for the previously unreported Bukoli-Minzwel trend.
- In July 2008, the Company released its pre-feasibility study for the Quimsacocha project with encouraging results. The project is expected to produce an average of 202,000 ounces of gold per year at an average cash cost (before royalties and profit sharing) of \$272 per ounce during its

projected life of seven and half years with an estimated payback of 3 years. The Company will work to complete the feasibility study and both the environmental and social impact assessments. The Company looks forward to resuming exploration drilling on new targets within the concessions following approval of the new Mining Code. The Government of Ecuador continues to advance the process of revising the Mining Code. Construction is expected to commence in 2010 with commercial production in the second half of 2011 all of which will be dependent on the finalization of the mining code and receipt of permits.

- In July 2008, the Company announced the discovery of multiple zones of significant gold mineralization at its wholly-owned Boto property in Senegal, West Africa.
- In May 2008, IAMGOLD announced that it has entered into an agreement with Rio Alto Mining Limited ("Rio Alto") for the sale of its Peruvian development gold-copper La Arena project, for a consideration of \$47.6 million in cash and a 5.5% interest in Rio Alto. Rio Alto is required to obtain funding to complete the transaction. In light of information from Rio Alto's financial advisors on raising funds for the transaction, IAMGOLD and Rio Alto are considering different financial structures to conclude the transaction for the same aggregate consideration.

OPERATIONS

The following table highlights IAMGOLD's percentage share of producing mines as it relates to how the Company's financial position and operating results are calculated for mining operating segments.

Mine	Operator	Reporting Segment	Geographic Location	IAMGOLD Share	
				2008	2007
Rosebel	IAMGOLD	Gold	Suriname	95%	95%
Doyon Division	IAMGOLD	Gold	Canada	100%	100%
Sleeping Giant	IAMGOLD	Gold	Canada	100%	100%
Mupane	IAMGOLD	Gold	Botswana	100%	100%
Niobec	IAMGOLD	Non-gold	Canada	100%	100%
Joint Ventures:					
Sadiola	AngloGold Ashanti	Gold	Mali	38%	38%
Yatela	AngloGold Ashanti	Gold	Mali	40%	40%
Working Interests:					
Tarkwa	Gold Fields limited	Gold	Ghana	18.9%	18.9%
Damang	Gold Fields Limited	Gold	Ghana	18.9%	18.9%

SUMMARIZED FINANCIAL RESULTS

(in \$000's) (unaudited)	As at June 30, 2008	As at December 31, 2007	% Change
Financial Position	\$	\$	
Cash and cash equivalents and gold bullion			
• at fair value	295,743	242,458	22%
• at cost	205,289	167,247	23%
Total assets	2,247,579	2,195,612	2%
Long-term debt	6,130	10,229	(40%)
Shareholders' equity	1,826,829	1,751,316	4%

(in \$000's, except where noted) (unaudited)	Three months ended June 30, 2008			Six months ended June 30, 2008		
	2008	2007	% Change	2008	2007	% Change
Results of Operations	\$	\$		\$	\$	
Revenues	225,098	167,306	35%	433,050	313,664	38%
Mining costs	120,199	110,908	8%	228,283	206,482	11%
Depreciation, depletion and amortization	47,207	28,884	63%	87,892	52,474	67%
Earnings from mining operations	57,692	27,514	110%	116,875	54,708	114%
Earnings from working interests	9,188	6,313	46%	20,081	12,597	59%
Total earnings from operations and working interests ⁽¹⁾	66,880	33,827	98%	136,956	67,305	103%
Net earnings (loss)	33,271	(81,370)	n/a	67,644	(70,085)	n/a
Impairment charges	-	93,725		-	93,725	
Adjusted net earnings ⁽²⁾	33,271	12,355	169%	67,644	23,640	186%
Basic and diluted net earnings (loss) per share	0.11	(0.28)	n/a	0.23	(0.24)	n/a
Adjusted basic and diluted net earnings per share ⁽²⁾	0.11	0.04	175%	0.23	0.08	188%
Cash Flows						
Operating cash flow	44,861	14,063	219%	117,602	30,714	283%
Key Operating Statistics						
Average realized gold price (\$/oz)	878	660	33%	888	654	36%
Gold produced (000ozs – IMG share)	255	251	2%	489	470	4%
Cash cost (\$/oz) ⁽³⁾	472	413	14%	474	414	14%

⁽¹⁾ Total earnings from operations and working interests is a non-GAAP measure. Please refer to consolidated statements of earnings for reconciliation to GAAP.

⁽²⁾ Adjusted net earnings and adjusted net earnings per share are non-GAAP measures and represent net earnings (loss) before impairment charges. Please refer to the Supplemental Information attached to the MD&A for reconciliation to GAAP.

⁽³⁾ Cash cost is a non-GAAP measure. Please refer to the Supplemental Information attached to the MD&A for reconciliation to GAAP.

QUARTERLY FINANCIAL REVIEW

(in \$000's, except where noted) (Unaudited)	Q2 2008	Q1 2008	Q4 2007	Q3 2007	Q2 2007	Q1 2007	Q4 2006	Q3 2006
	\$	\$	\$	\$	\$	\$	\$	\$
Revenues	225,098	207,952	194,246	170,221	167,306	146,358	121,250	65,659
Net earnings (loss)	33,271	34,373	8,498	19,527	(81,370)	11,285	9,367	13,425
Add back:								
Impairment charges	-	-	5,903	-	93,725	-	1,382	200
Adjusted net earnings ⁽¹⁾	33,271	34,373	14,401	19,527	12,355	11,285	10,749	13,625
Basic and diluted net earnings (loss) per share	0.11	0.12	0.03	0.07	(0.28)	0.04	0.04	0.08
Adjusted basic and diluted net earnings per share ⁽¹⁾	0.11	0.12	0.05	0.07	0.04	0.04	0.04	0.08

⁽¹⁾ Adjusted net earnings and adjusted net earnings per share are non-GAAP measures. Please refer to the Supplemental Information attached to the MD&A for reconciliation to GAAP.

IAMGOLD ATTRIBUTABLE GOLD PRODUCTION AND COSTS

The table below presents the production attributable to the Company's ownership in operating gold mines along with the weighted average cash cost per ounce of production.

(Unaudited)	Gold Production (thousands of ounces)		Total Cash Cost ⁽¹⁾ (\$/oz)		Gold Production (thousands of ounces)		Total Cash Cost ⁽¹⁾ (\$/oz)	
	Three months ended June 30, 2008	Three months ended June 30, 2007	Three months ended June 30, 2008	Three months ended June 30, 2007	Six months ended June 30, 2008	Six months ended June 30, 2007	Six months ended June 30, 2008	Six months ended June 30, 2007
IMG Operator								
Rosebel (95%)	75	69	\$485	\$466	147	115	\$486	\$482
Doyon Division (100%)	29	34	631	533	58	65	633	522
Sleeping Giant (100%)	24	18	311	298	42	35	354	314
Mupane (100%)	25	24	378	499	45	41	398	561
Joint Venture								
Sadiola (38%)	45	34	414	406	82	65	408	407
Yatela (40%)	15	33	583	227	32	68	487	203
	213	212	\$464	\$419	406	389	\$468	\$421
Working interests								
Tarkwa (18.9%)	32	32	\$478	\$329	63	65	\$470	\$352
Damang (18.9%)	10	7	625	584	20	16	604	519
	42	39	\$513	\$375	83	81	\$502	\$385
Total	255	251	\$472	\$413	489	470	\$474	\$414

⁽¹⁾ Cash cost is a non-GAAP measure. Please refer to the Supplemental Information attached to the MD&A for reconciliation to GAAP.

Total attributable production reached 255,000 ounces in the second quarter of 2008, representing a 2% increase from the second quarter of 2007. The increase is mainly a result of additional production at Sadiola, Rosebel, and Sleeping Giant, partially offset by a decrease in production at Yatela and the Doyon division.

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

Cash cost per ounce of gold (\$/oz) ⁽¹⁾ (Unaudited)	Three months ended June 30,			Six months ended June 30,		
	2008	2007	% Change	2008	2007	% Change
Cash cost excluding royalties	\$410	\$372	10%	\$411	\$374	10%
Royalties	62	41	51%	63	40	58%
Cash cost	\$472	\$413	14%	\$474	\$414	14%

⁽¹⁾ Cash cost is a non-GAAP measure. Please refer to the Supplemental Information attached to the MD&A for reconciliation to GAAP.

Consolidated cash costs increased by 14% or \$59 per ounce in the second quarter of 2008 to \$472 per ounce compared to \$413 per ounce in the second quarter of 2007. Consolidated cash costs were \$474 per ounce in the first half of 2008, compared to \$414 per ounce in the first half of 2007. The increase in the consolidated cash cost per ounce of gold in 2008 compared to 2007 is attributable to higher:

(\$/oz)	Three months ended June 30,	Six months ended June 30,
Gold production	\$(6)	\$(14)
Royalty expense	21	23
Cost of labor, consumables and energy	44	51
Increase in consolidated cash costs in 2008 compared to 2007	\$59	\$60

FINANCIAL RESULTS

Net earnings increased by \$114.7 million to \$33.3 million or \$0.11 per share in the second quarter of 2008 compared to net loss of \$81.4 million or \$0.28 per share loss in the second quarter of 2007. Net earnings were \$67.6 million or \$0.23 per share in the first half of 2008, compared to net loss of \$70.1 million or \$0.24 per share loss in the first half of 2007. Net loss for the second quarter of 2007 and first half of 2007 includes the impairment charge of \$93.7 million related to the Mupane mine.

The increase in net earnings in 2008 compared to 2007 is attributable to the following:

(\$ millions)	Three months ended June 30,	Six months ended June 30,
Revenues are higher due to:		
Metal prices	\$55.7	\$114.3
Sales volumes	1.8	4.2
By-products credits and royalty income	0.3	0.9
Mining costs are higher due to:		
Royalty expenses	(5.1)	(11.3)
Operating costs	(5.1)	(15.7)
Volume of inputs	(0.6)	(5.1)
Inventory movement	1.5	10.3
Higher depreciation, depletion and amortization	(18.3)	(35.4)
Higher earnings from working interests	2.9	7.5
Higher income and mining taxes	(16.3)	(27.1)
Higher other income and other expenses	4.2	1.4
Increase in adjusted net earnings compared to 2007	\$21.0	\$44.0
Impairment charge of Mupane in 2007	93.7	93.7
Increase in net earnings in 2008 compared to 2007	\$114.7	\$137.7

Operating cash flow for the second quarter of 2008 was \$44.9 million compared to \$14.1 million in the second quarter of 2007. The significant increase in operating cash flow was mainly driven by higher gold and niobium prices, higher volume of gold ounces sold, partially offset by higher mining costs due to increased royalties, labor, consumables and energy costs. Cost increases during the quarter were partially mitigated by cost improvement initiatives such as lowering contract mining costs, increasing mill recoveries, and reducing maintenance costs and fuel consumption, all of which contributed to increased cash flow during the quarter. Operating cash flow for the first half of 2008 was \$117.6 million compared to \$30.7 million during the first half of 2007.

One of IAMGOLD's policies is to invest in gold bullion to increase shareholder value through the appreciation of gold. The Company continues to maintain a strong balance sheet, with cash and cash equivalents, and a gold bullion position totaling \$295.7 million as at June 30, 2008 compared to \$242.5 million at the end of 2007 with gold bullion valued at market.

REVENUES

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

(Unaudited)	Gold Sales (thousands of ounces)		Realized Gold Price (\$/oz)		Gold Sales (thousands of ounces)		Realized Gold Price (\$/oz)	
	Three months ended June 30,		Three months ended June 30,		Six months ended June 30,		Six months ended June 30,	
	2008	2007	2008	2007	2008	2007	2008	2007
IMG Operator and Joint Venture	210	205	\$874	\$658	401	392	\$884	\$653
Working interests	42	39	896	669	83	81	906	659
Total ⁽¹⁾	252	244	\$878	\$660	484	473	\$888	\$654

⁽¹⁾ *Attributable sales volume for the second quarter of 2008 and 2007 were 248,000 ounces and 241,000 ounces, respectively, after taking into account 95% of sales of Rosebel. Attributable sales volume for the first half of 2008 and 2007 were 477,000 ounces and 468,000 ounces, respectively, after taking into account 95% of sales of Rosebel.*

IAMGOLD's consolidated revenues in the second quarter of 2008 were \$225.1 million, 35% higher than the \$167.3 million in the second quarter of 2007, and consolidated revenues in the first half of 2008 were \$433.1 million, 38% higher than the \$313.7 million in the first half of 2007.

The increase in revenues in 2008 compared to 2007 is attributable to the following:

(\$ millions)	Three months ended June 30,	Six months ended June 30,
Metal prices:		
Higher gold prices	\$45.3	\$92.8
Higher niobium prices	10.4	21.5
Sales volume:		
Higher gold sales volume	2.8	5.7
Lower niobium sales volume	(1.0)	(1.5)
Higher by-product credits and royalty income	0.3	0.9
Increase in revenues in 2008 compared to 2007	\$57.8	\$119.4

Revenue from gold increased as the realized gold price (excluding working interests) increased in the second quarter of 2008 and the first half of 2008 by 33% and 35%, respectively, compared to the same period in 2007. In addition, a 2% increase in gold sales volume (excluding working interests) for the current quarter and the first half of 2008 compared to 2007 had a positive impact on revenue. Revenue from niobium increased as niobium prices for the second quarter of 2008 and the first half of 2008 strengthened by 37% and 43%, respectively, compared to the same period in 2007. This was partially

offset by a 3% decrease in sales volume of niobium due to lower grades mined during the current quarter and the first half of the year, compared to the same period in 2007.

ROYALTY INTERESTS

Revenues from royalty interests were \$1.9 million during the second quarter of 2008 compared to \$2.0 million during the second quarter of 2007. Royalty revenues are derived from the Diavik royalty interest, a property based in Yellowknife, Northwest Territories with an expected mine life in excess of 15 years.

MINING COSTS

Mining costs were \$120.2 million for the second quarter of 2008, an increase of \$9.3 million or 8% compared to \$110.9 million in the second quarter of 2007, and during the first half of 2008, mining costs were \$228.3 million, an increase of \$21.8 million or 11% compared to \$206.5 million during the first half of 2007.

The increase in mining costs in 2008 compared to 2007 is attributable to higher:

(\$ millions)	Three months ended June 30,	Six months ended June 30,
Royalty expenses	\$5.1	\$11.3
Operating costs	5.1	15.7
Volume of inputs	0.6	5.1
Inventory movement	(1.5)	(10.3)
Increase in mining costs in 2008 compared to 2007	\$9.3	\$21.8

The increase in royalty expenses is driven by an increase in the gold price compared to 2007. Operating costs increased as a result of higher costs of inputs such as labor, energy and consumables. In addition, operating costs were negatively impacted by the weakening of the US dollar at the Canadian operations. The increase in operating costs resulting from the weakening US dollar during the second quarter of 2008 and the first half of 2008 was \$3.0 million and \$8.3 million, respectively, compared to the same periods in 2007. The inventory movement represents the impact of carrying higher production in closing inventory at the end of June 2008 compared to the end of June 2007, due to timing of shipments.

DEPRECIATION, DEPLETION AND AMORTIZATION

In the second quarter of 2008, depreciation, depletion and amortization of \$47.2 million was 63% higher than the \$28.9 million in the second quarter of 2007, as a result of higher production and the effect of the prospective application of the final purchase price equation of the Cambior acquisition at the end of 2007. Depreciation, depletion and amortization for the first half of 2008 was \$87.9 million compared to \$52.5 million during the first half of 2007. Depreciation for the second quarter of 2008 was \$6.5 million higher compared to the first quarter of 2008 mainly due to higher production.

CORPORATE ADMINISTRATION

Corporate administration expenses in the second quarter of 2008 increased by \$1.2 million to \$10.0 million compared to \$8.8 million during the second quarter of 2007, primarily related to \$0.7 million due to the weakening of the US dollar relative to the Canadian dollar, and \$0.5 million due to additional corporate initiatives compared to the second quarter of 2007. Corporate administration expenses in the first half of 2008 were \$18.6 million compared to \$15.2 million during the first half of 2007.

OTHER INCOME

Other income in the second quarter of 2008 was \$8.4 million compared to \$0.6 million during the second quarter of 2007, and \$8.3 million during the first half of 2008 compared to \$1.5 million during the first half of 2007. The increase in 2008 is mainly due to a reversal of a provision of \$4.4 million for interest on a tax assessment that was previously recorded, a gain on disposal of an exploration property for \$1.8 million, the reversal of an accrued liability of \$1.2 million related to a prior acquisition, and interest income of \$0.6 million.

INCOME AND MINING TAXES

The Company is subject to income and mining taxes in the jurisdictions in which it operates. The calculation of these taxes is based on profitability and may, in some cases, include minimum taxes. It should be noted that taxes are calculated at the entity level and aggregated for consolidated financial reporting purposes.

During the second quarter of 2008, income and mining taxes totaled \$21.1 million compared to \$4.9 million in the second quarter of 2007. During the first half of 2008, income and mining taxes were \$40.5 million during the first half of 2008 compared to \$13.4 million during the first half of 2007. The increases relating to both the second quarter and first half are mainly due to the higher taxable income realized by the Rosebel mine, and to the non-cash future tax expense relating to the Canadian mining operations.

The actual effective tax rates for the second quarter and the first half of 2008 were 39% and 37%, respectively, due to the impact of permanent items not deductible for tax purposes, provincial mining taxes, future Canadian tax rate changes and exploration losses not tax benefited.

OUTLOOK

	Revised outlook 2008 (issued in August 2008)	Original outlook 2008 (issued January 2008)
Attributable share of gold production (000 oz)	950	920
Cash cost (\$/oz)	\$485-\$495	\$455-\$470
Projected gold price (\$/oz)	\$900	\$700
Projected oil price (\$/barrel)	\$120	\$90
Projected foreign exchange rate (C\$/US\$)	1.01	1.05

The Company has increased its original production outlook by 30,000 ounces and is expected to produce 950,000 attributable ounces in 2008, representing an increase of 3% compared to the original guidance. The increase is mainly due to production gains at the mines which the Company operates.

Cash costs for the 2008 fiscal year have been revised to \$485-\$495 per ounce, an increase of 5%-7% or \$25-\$30 per ounce compared to the original guidance.

The original outlook for cash costs, using revised prices for gold and oil, and revised exchange rate assumptions would have been \$500-\$515 per ounce based on the sensitivities provided with the original guidance. The increase in cash costs is a result of higher:

- royalty expenses driven by an increase in the gold price assumption,
- energy costs inputs due to the increase in global oil prices, and
- mining costs at the Company's Canadian operations as a result of the weakening of the US dollar,
- partially offset by higher gold production, which resulted in lowering cash costs, and cost reduction initiatives at the various sites.

The revised cash cost guidance, therefore, is approximately \$15-\$20 per ounce lower than would have been expected based on the original guidance. This has been achieved through continued focus on cost reduction.

The following table provides estimated sensitivities around certain inputs that can affect the Company's operating results, based on the Company's revised guidance for 2008.

	Change of	Impact on the 2008 cash costs by \$/oz
Gold price	\$50/oz	\$5
Oil price	\$10/barrel	\$6
Canadian dollar per US dollar	10%	\$8

Cash cost estimates are based on the assumptions including, but not limited to, those noted above. Changes in these assumptions may have a material impact on cash costs, results of operations, and overall financial position of the Company. Actual results may vary significantly from guidance.

Niobium production in 2008 is expected to be similar to production in 2007 and operating margins are expected to rise for the remainder of 2008. Production costs can be affected by changes in the foreign exchange rate.

The Company will continue to focus on increasing reserves and production at its existing operations and through acquisitions, as well as focus on containing and reducing cash costs. Acquisition opportunities will focus on economic return, including the ability to decrease the Company's long-term cost structure. The Company's strategy includes acquisitions that will increase production by at least 100,000 ounces per year, have a demonstrated exploration upside, create a geographic fit with the Company's existing profile, and reduce the Company's political risk profile.

The Company is committed to the completion of all capital projects on budget.

MARKET TRENDS

GOLD MARKET

During the second quarter of 2008, the gold market price continued to display considerable volatility averaging \$896 per ounce with daily closings between \$853 and \$946 per ounce throughout the second quarter of 2008, compared to an average price of \$667 per ounce in the second quarter of 2007 and \$925 per ounce in the first quarter of 2008. The closing price at June 30, 2008 was \$930 per ounce.

NIOBIUM MARKET

In 2008, demand for niobium, a strengthening element used in the manufacturing of high strength low alloy steel, continued to be strong. Although demand in North America has slightly declined due to weakening in the automobile sector, this has been more than offset by increase demand in other sectors including growth in China where consumption remains strong. Niobium demand closely follows the demand for steel, amplified by a trend over time to increase the usage of niobium per tonne of steel produced. Niobium prices, like demand, have continued to rise sharply during the first half of 2008, as have most consumables tied to the production of steel and a further price appreciation is expected in the second half of this year.

CURRENCY

The Company's reporting currency is the US dollar. Movement of the Canadian dollar against the US dollar has a direct impact on the Company's Canadian mines and corporate costs. The Canadian dollar reached 1.0197 as at June 30, 2008 compared to 0.9913 as at December 31, 2007. During the second quarter of 2008, the average rate was 1.0101 compared to 1.0975 in the second quarter of 2007 and 1.0042 in the first quarter of 2008.

OIL PRICE

Oil prices averaged \$124 per barrel in the second quarter of 2008 compared to \$65 per barrel in the second quarter of 2007, an increase of 91%. Oil price closed at \$140 per barrel at the end of the second quarter of 2008, an increase of 46% compared to the end of 2007 driven by the US dollar weakness.

RESULTS OF OPERATIONS

Suriname—Rosebel Mine (IAMGOLD interest—95%)

Summarized Results

100% Basis

	2008		2007			
	Q2	Q1	Q4	Q3	Q2	Q1
Total operating material mined (000t)	9,912	10,099	10,073	10,518	8,167	7,205
Strip ratio ^(a)	3.8	4.1	3.8	3.5	3.3	4.0
Ore milled (000t)	2,002	1,931	1,958	2,076	1,949	1,522
Head grade (g/t)	1.3	1.3	1.4	1.2	1.2	1.1
Recovery (%)	93	93	93	93	93	90
Gold production – 100% (000 oz)	79	76	82	75	71	48
Gold production – 95% (000 oz)	75	72	77	71	69	46
Gold sales – 100% (000 oz)	77	70	74	74	71	48
Gold revenue (\$/oz) ^(b)	\$904	\$926	\$819	\$668	\$660	\$652
Cash cost excluding royalties (\$/oz)	\$379	\$385	\$312	\$395	\$401	\$442
Royalties (\$/oz)	106	103	91	63	65	63
Cash cost (\$/oz) ^(c)	\$485	\$488	\$403	\$458	\$466	\$505

^(a) Strip ratio is calculated as waste plus marginal ore divided by full grade ore.

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

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

During the second quarter of 2008, the number of attributable ounces of gold produced by the Rosebel mine was 75,000 ounces, an increase of 9% compared to 69,000 ounces in the second quarter of 2007. The increase in gold production was due to a higher grade processed and from increased overall mining rates.

During the second quarter of 2008, management worked together with the mine workers' union and successfully resolved a 21 hour work stoppage at Rosebel. As a result, the mining tonnage was only marginally lower than the first quarter of 2008. Continued productivity improvements led to higher gold production in the current quarter as compared to the first quarter of 2008. Productivity improvements included successfully maintaining gold recoveries at previous levels despite a coarse material feed. The mine concluded a one-month test utilizing caustic soda instead of lime as a pH modifier in the mill, which showed potential for improving mill recovery. In addition, the fleet of trucks purchased in the first quarter of 2008 was fully operational and increased the mine tonnage despite the historical decrease of output during the rainy season.

Cash costs were \$485 per ounce for the second quarter of 2008 compared to \$466 per ounce for the second quarter of 2007. Cash costs increased \$19 per ounce as a result of:

- higher royalties of \$41 per ounce driven by a rise in gold prices
 - increased cost of energy and consumables and higher volume mined accounting for \$15 per ounce
- largely offset by:
- higher gold production, which resulted in decreasing cash costs by \$37 per ounce

During the first half of 2008, total attributable production and cash costs were 147,000 ounces and \$486 per ounce compared to 115,000 ounces and \$482 per ounce, respectively, during the first half of 2007. Cash costs increased marginally as a result of:

- higher mining costs of \$60 per ounce driven by higher labor costs, increased costs of energy and consumables and higher volume mined
- higher royalties of \$40 per ounce driven by a rise in gold prices largely offset by higher gold production, which resulted in:
 - decreasing cash costs by \$96 per ounce

The Company's capital expenditures in the second quarter of 2008 were \$19.3 million as compared to \$5.7 million in the second quarter of 2007. Expenditures during the second quarter of 2008 consisted primarily of \$9.7 million on the expansion and optimization of the mill, \$4.3 million on mine equipment including a loader and spares for the new fleet of trucks, \$2.4 million on reserve development, and \$1.2 million on information technology. Capital expenditures for the first half of 2008 totaled \$37.4 million. The capital investment program for 2008 is estimated at approximately \$71.7 million.

The \$44.4 million mill expansion and optimization projects are expected to be completed on schedule and on plan by the fourth quarter of 2008. To date, Rosebel has spent \$25.7 million on the mill expansion and optimization projects which are expected to provide the following benefits:

- The expansion of the Rosebel mill will allow for an increase in the annual attributable gold production from approximately 275,000 ounces per year to a range of 300,000 to 305,000 ounces per year and a reduction in direct cash costs of approximately \$35 per ounce over the life of the mine.
- The annual mill throughput is expected to increase from 8.0 million to 8.9 million tonnes of ore, while adding sufficient operational flexibility to increase throughput to 11.0 million tonnes should conditions support the use of the excess capacity.
- The mill expansion will also eliminate the need for stockpiles and the extra leach tanks will allow for increased residence time to boost metallurgical recovery to 95%.
- The mill optimization will enable production rates to be maintained as a greater proportion of hard rock is fed into the mill going forward.

The re-design of the existing mine plan, completed during the second quarter of 2008, will eliminate marginal ore, reduce the life-of-mine strip ratio from 4.0 to 3.7 and increase profitability while maintaining the mine reserve grade at 1.2 grams per tonne. The new mine plan will be fully implemented during the third quarter of 2008. The Company is also reviewing its mine plan and implementing productivity enhancements with the goal of increasing production beyond the projected expansion level of 305,000 ounces of gold per year.

The Rosebel mine continues to look for opportunities to optimize its mining fleet in order to increase mine production and reduce maintenance costs and fuel consumption. A critical long-term focus is to maximize the use of additional mill capacity.

The 63,000 meter \$9.9 million drilling campaign is progressing on schedule and over 31,000 meters at a total cost of \$4.6 million have been drilled in the first half of 2008. Approximately 45% of the drilling is focused on resource conversion to reserves, and the remaining activity is dedicated to expanding the measured and indicated resource beyond the current level of 8.3 million ounces with minor amounts of condemnation drilling for waste dumps.

Canada—Doyon Division (IAMGOLD interest—100%)

Summarized Results

100% Basis

	2008		2007			
	Q2	Q1	Q4	Q3	Q2	Q1
Total operating material mined (000t)	116	127	167	148	166	162
Ore milled (000t)	118	121	168	154	173	147
Head grade (g/t)	8.0	7.7	6.6	6.6	6.5	6.7
Recovery (%)	96	97	96	96	96	96
Gold production – 100% (000 oz)	29	29	34	32	34	31
Gold sales – 100% (000 oz)	25	31	31	29	28	33
Gold revenue (\$/oz) ^(a)	\$895	\$925	\$792	\$692	\$664	\$655
Cash cost excluding royalties (\$/oz)	\$547	\$543	\$470	\$495	\$484	\$452
Royalties (\$/oz)	84	92	59	46	49	57
Cash cost (\$/oz) ^(b)	\$631	\$635	\$529	\$541	\$533	\$509

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

^(b) Cash cost is a non-GAAP measure. Please refer to the Supplemental Information attached to the MD&A for reconciliation to GAAP.

During the second quarter of 2008, the Doyon division produced 29,000 ounces of gold, a decrease of 15% compared to 34,000 ounces in the second quarter of 2007. Gold production decreased due to lower throughput, partially offset by higher gold grades. Tonnage mined in the second quarter of 2008 was lower by 30% compared to the second quarter of 2007 primarily due to the maturity of the mines, the challenging ground conditions and the narrower ore zones.

Cash costs during the second quarter of 2008 were \$631 per ounce compared to \$533 per ounce for the second quarter of 2007. Cash costs increased by \$98 per ounce as a result of:

- lower gold production, which accounted for an increase of \$94 per ounce
- the weakening of the US dollar, which accounted for an increase of \$46 per ounce
- higher royalty expense of \$35 per ounce driven by a rise in gold prices partially offset by a decrease in mining costs of \$70 per ounce, driven by:
 - lower labor costs and consumables
 - reduced mine development costs due to the maturity of the mine
 - increased by-product credits of \$7 per ounce

The Doyon division is working to lower unit mining costs by improved recovery in the plant, and through reduced dilution and mining of remnant ores from prior producing areas of the mines.

During the first half of 2008, total gold production and cash costs were 58,000 ounces and \$633 per ounce compared to 65,000 ounces and \$522 per ounce respectively during the first half of 2007. Cash costs increased by \$111 per ounce as a result of:

- lower gold production, which accounted for an increase of \$61 per ounce
- the weakening of the US dollar, which accounted for an increase of \$67 per ounce
- higher royalty expense of \$35 per ounce driven by a rise in gold prices partially offset by lower labor costs of \$39 per ounce resulting from:
 - decreased manpower at the mine
 - increased by-product credits of \$13 per ounce

The Company is reviewing the closure plan of the Doyon mine which will close following the depletion of reserves and resources.

In July 2008, the Company acquired the participation royalty for the Doyon/Westwood property from Barrick Gold Corporation for \$13.0 million in cash. The transaction eliminates the royalty obligation on the Doyon mine and any royalty costs on future production at Westwood. At current gold prices, this transaction is estimated to reduce cash costs at the Doyon division by approximately \$80 per ounce, and increase the depreciation expense by approximately \$80 per ounce for the remainder of the year.

There were no significant capital expenditures at the Doyon division during the first half of 2008. In Westwood, capital expenditures totalled \$4.2 million during the second quarter of 2008 (\$7.3 million in the first half of 2008).

Canada—Westwood Project

The Westwood project is located 2.5 kilometers east of the Doyon mine within the Cadillac belt in the Abitibi region of northwest Quebec. In July 2008, the Company announced its commitment to aggressively develop a plan to accelerate the development of the Westwood deposit.

Highlights of the Westwood project are as follows:

- The deposit consists of three mineralized zones, which are roughly parallel and spaced approximately 100 to 150 meters apart and are related to multiple veins and sulphide concentrations.
- **Resources:** In July 2008, the Company announced an increase in inferred resources compared to the previous announcement in June 2007. The inferred resources identified are 14.2 million tonnes of ore at an average grade of 7.6 grams per tonne containing 3.5 million ounces of gold using a cut-off grade of 3.0 grams per tonne, representing a 5% gain in inferred resources compared to the previous announcement.
- A total of 53,000 meters were drilled on the project since June 2007 with approximately 23,000 meters drilled within known zones to reduce the spacing between holes and increase the confidence level in the resources while approximately 30,000 meters were focused on targeting extensions, defining geologic limits and condemnation drilling of the known zones on strike and a depth.
- **Revised scoping study:** As a result of an aggressive development plan, a revised scoping study is expected to be completed by the end of September 2008. Additional information gathered from the delineation program has improved the geological model to be used in the study. According to the scoping study completed in September 2007, the project has the potential to produce 200,000 ounces of gold per year for approximately 15 years beginning in 2012.
- **Feasibility study:** A feasibility study is projected to be completed during the second half of 2009, once the development required to convert the inferred resources into the measured and indicated category is completed.
- **Acceleration of the Warrenmac zone:** In June 2008, the Company announced positive results of an internal scoping study on a near surface portion of the Westwood resource (the “Warrenmac” deposit) which could be accessed during the exploration shaft development at Westwood and begin production in the second half of 2010. The measured and indicated resource base of Warrenmac is 313,000 tonnes grading 6.9 grams per tonne of gold, 54 grams per tonne of silver, 0.2% copper and 4.5% zinc. This is in addition to the resources mentioned above. Development of the Warrenmac resource is expected to deliver a rate of return in excess of 30% at current commodity prices. The capital cost of the project is approximately \$31.0 million and is in-line with the original capital estimates for this part of the Westwood project development plan. The development of Warrenmac could provide more than a year of production with gold production cash costs less than zero, net of by-product credits, and it would reduce the time between the eventual closure of the Doyon mine and the commencement of full production at Westwood.

- Activities to accelerate the project:
 - I. develop an exploration ramp to provide better drilling access to the upper levels of the deposit concurrent with the development of the first phase for a possible 2,000 meter shaft
 - II. obtain environmental and other permits required for the raise boring, shaft site preparation and the Warrenmac ramp access
 - III. complete the drilling of condemnation drill holes for the proposed shaft site:
 - as expected, drilling to-date does not indicate any significant mineralization, major discontinuity or water inflow
 - a letter of intent has been signed with a shaft sinking company to begin raise boring a 2.4 meter diameter hole to a depth of 865 meters in August 2008 and detailed engineering for shaft design has also been initiated
 - IV. develop the infrastructure including access roads and electric power lines
 - V. use the drill rig that arrived on site to further explore the depth extension discovered in the fourth quarter of 2007. In addition to this powerful drill rig, there are nine other active drill rigs targeting approximately 70,000 meters over the next 12 months

In March 2008, the Company issued 928,962 flow-through shares for C\$8.5 million which must be spent during the current year. In the second quarter of 2008, the Company spent \$4.2 million (first six-month period ended June 30, 2008, \$7.3 million) on the project, primarily on underground development and exploration drilling.

Canada—Sleeping Giant Mine (IAMGOLD interest—100%)

Summarized Results

100% Basis

	2008		2007			
	Q2	Q1	Q4	Q3	Q2	Q1
Total operating material mined (000t)	59	48	44	37	44	45
Ore milled (000t)	58	48	45	37	43	45
Head grade (g/t)	13.4	11.8	12.8	12.1	13.1	12.0
Recovery (%)	97	97	98	97	98	97
Gold production – 100% (000 oz)	24	18	18	14	18	17
Gold sales – 100% (000 oz)	25	17	18	14	16	17
Gold revenue (\$/oz) ^(a)	\$892	\$932	\$789	\$692	\$666	\$655
Cash cost (\$/oz) ^(b)	\$306	\$414	\$418	\$386	\$298	\$330
Royalties (\$/oz)	5	-	-	-	-	-
Cash cost (\$/oz) ^(b)	\$311	\$414	\$418	\$386	\$298	\$330

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

^(b) Cash cost is a non-GAAP measure. Please refer to the Supplemental Information attached to the MD&A for reconciliation to GAAP.

Sleeping Giant produced 24,000 ounces of gold during the second quarter of 2008, an increase of 33% compared to 18,000 ounces in the second quarter of 2007. The increase in gold production was a result of higher throughput, which increased as higher tonnage was hoisted due to improved sequencing of mining activities and an accelerated mining rate. Active mining of ore ceased during the second quarter of 2008 and underground mucking will continue to remove the broken ore from the existing stopes until the third quarter of 2008. The mill at Sleeping Giant should cease operations early in the fourth quarter of 2008.

Cash costs were \$311 per ounce for the second quarter of 2008 as compared to \$298 per ounce for the second quarter of 2007. Cash costs were higher by \$13 per ounce as a result of:

- increased mining costs of \$65 per ounce due to the draw-down of underground ore stockpiles
 - the weakening of the US dollar, which accounted for an increase of \$29 per ounce
 - higher royalty expense of \$5 per ounce
- partially offset by higher gold production which resulted in:
- decreasing cash costs by \$83 per ounce
 - increased by-product credits of \$3 per ounce

During the first half of 2008, total production and cash costs were 42,000 ounces and \$354 per ounce compared to 35,000 ounces and \$314 per ounce respectively during the first half of 2007. Cash costs increased by \$40 per ounce as a result of:

- increased mining costs of \$52 per ounce due to the draw-down of underground ore stockpiles
 - the weakening of the US dollar, which accounted for an increase of \$44 per ounce
 - higher royalty expense of \$3 per ounce
- partially offset by higher gold production which resulted in:
- decreasing cash costs by \$56 per ounce
 - increased by-product credits of \$3 per ounce

As the mine is drawing to a close, no capital expenditures were required during the first half of 2008.

Agreement to sell the Sleeping Giant mine

On October 9, 2007, an option agreement was signed with Cadiscor Resources Inc. ("Cadiscor"), granting them the right to purchase the Sleeping Giant mine after the completion of mining and processing, for total consideration of up to C\$7.0 million. As part of the agreement with Cadiscor, IAMGOLD will continue to mine and process reserves at Sleeping Giant until the end of its current reserve life, currently planned in the fourth quarter of 2008, at which time, Cadiscor will purchase the property and all the related infrastructure assets.

Botswana—Mupane Mine (IAMGOLD interest—100%)

Summarized Results

100% Basis

	2008		2007			
	Q2	Q1	Q4	Q3	Q2	Q1
Total operating material mined (000t)	192	711	1,393	1,588	2,424	2,075
Strip ratio ^(a)	0.5	1.1	2.8	3.9	6.8	10.8
Ore milled (000t)	275	224	255	238	233	183
Head grade (g/t)	3.4	3.4	3.4	3.4	3.7	3.3
Recovery (%)	83	84	84	86	87	86
Gold production – 100% (000 oz)	25	20	23	22	24	17
Gold sales – 100% (000 oz)	23	19	19	25	23	19
Gold revenue (\$/oz) ^(b)	\$664	\$626	\$621	\$635	\$617	\$606
Cash cost excluding royalties (\$/oz)	\$338	\$375	\$442	\$550	\$469	\$620
Royalties (\$/oz)	40	47	40	41	30	30
Cash cost (\$oz) ^(c)	\$378	\$422	\$482	\$591	\$499	\$650

^(a) Strip ratio is calculated as waste plus marginal ore divided by full grade ore.

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

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

Gold production during the second quarter of 2008 was 25,000 ounces, an increase of 4% from the 24,000 ounces produced in the second quarter of 2007. The increase in gold production was due to an 18% increase in throughput as compared to the second quarter of 2007, partially offset by lower gold grades and mill recoveries. Throughput for the current quarter was the highest quarterly throughput achieved in the past six quarters. The increase in throughput compared to the second quarter of 2007 was a result of an increase in crusher availability, higher SAG and ball mill availability, and a higher instantaneous throughput rate.

Tonnage mined during the second quarter of 2008 was significantly lower than the second quarter of 2007 as a smaller local mining contractor transitioned from the previous mining contractor. The shortfall in the mill feed was met by previously built up ore stockpiles. The services of the previous mining contractor were no longer necessary starting the first quarter of 2008 as larger mining equipment was not required to mine the bottom of the pit and were replaced, on a temporary basis, with a local mining contractor utilizing smaller equipment to reduce congestion in the pit and lower unit costs and overheads.

During July 2008, the Mupane mine started the transition to owner-mining. This initiative increased the mineable mineral reserves by 64,000 ounces, which, at a cash cost of under \$450 per ounce, will extend

the operational life to the second quarter of 2012. To facilitate this change, existing mining equipment, were redeployed to the Mupane mine and will be operational by the end of the third quarter of 2008. The extended life-of-mine will result in a decline in amortization due to higher reserves, partially offset by depreciation of the new mining fleet.

Cash costs during the second quarter of 2008 were \$378 per ounce compared to \$499 per ounce in the second quarter of 2007. Cash costs decreased by \$121 per ounce as a result of:

- lower mining costs of \$116 per ounce driven by a decline in volume of tonnes mined and lower strip ratios
- higher gold production which decreased cash costs by \$15 per ounce partially offset by:
- an increased royalty expense of \$10 per ounce due to a rise in gold prices

During the first half of 2008, total gold production and cash costs were 45,000 ounces and \$398 per ounce compared to 41,000 ounces and \$561 per ounce respectively during the first half of 2007. Cash costs decreased by \$163 per ounce as a result of:

- lower mining costs of \$127 per ounce driven by a decline in volume of tonnes mined
- higher gold production which resulted in decreasing cash costs by \$49 per ounce partially offset by:
- an increased royalty expense of \$13 per ounce due to a rise in gold prices

Capital expenditures during the second quarter of 2008 were \$1.2 million compared to \$0.6 million in the second quarter of 2007 and were primarily related to the redeployment of the mining equipment to Botswana. Capital expenditures of \$1.3 million were incurred in the first half of 2008.

As at June 30, 2008, the remaining Mupane forward sales contracts acquired on the acquisition of Gallery Gold Limited were as follows:

Year	Forward Sales oz	Average Forward Price (US\$/oz)	Liability (in \$000's)
2008	38,888	402	9,103
2009	43,888	407	10,472
Total	82,776	405	19,575

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. During the first half of 2008, the required 38,888 ounces of gold were delivered under the forward sales contracts equal to the number of ounces delivered in the first half of 2007. Spot sales were 3,000 ounces of gold during the second quarter of 2008 compared to 3,200 ounces during the second quarter of 2007.

Revenues were comprised of the following:

	Three months ended June 30,		Six months ended June 30,	
	2008	2007	2008	2007
(in \$000's)	\$	\$	\$	\$
Spot sales	2,650	2,215	2,650	2,215
Gold forward sales contracts	7,823	7,912	15,647	15,647
Gold forward sales liability amortization	4,428	4,108	8,771	8,031
Silver sales	57	52	95	171
	14,958	14,287	27,163	26,064

Mali—Sadiola Mine (IAMGOLD interest – 38%)
Summarized Results

	2008		2007			
	Q2	Q1	Q4	Q3	Q2	Q1
Total operating material mined (000t)	2,250	2,629	2,834	1,795	2,942	2,887
Strip ratio ^(a)	2.7	2.5	3.5	4.1	3.1	4.6
Ore milled (000t)	397	359	418	373	398	391
Head grade (g/t)	4.1	4.4	3.5	3.8	4.0	3.6
Recovery (%)	82	75	80	75	79	78
Gold production (000 oz)	45	37	40	35	34	31
Gold sales (000 oz)	45	37	40	35	35	34
Gold revenue (\$/oz) ^(b)	\$895	\$930	\$800	\$681	\$666	\$652
Cash cost excluding royalties (\$/oz)	\$360	\$344	\$358	\$343	\$365	\$367
Royalties (\$/oz)	54	56	48	42	41	42
Cash cost (\$oz) ^(c)	\$414	\$400	\$406	\$385	\$406	\$409

^(a) Strip ratio is calculated as waste plus marginal ore divided by full grade ore.

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

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

Gold attributable production for the second quarter of 2008 was 45,000 ounces, an increase of 32% from the 34,000 ounces produced in the second quarter of 2007. Gold production increased as a result of higher gold grades and recoveries. Gold grades were higher due to processing a greater proportion of higher grade soft sulphide ore during the second quarter of 2008 compared to the second quarter of 2007. Recoveries were higher during the current quarter for both the sulphide and the oxide ore as a result of the new gravity circuit.

Cash costs were \$414 per ounce for the second quarter of 2008 compared to \$406 per ounce for the second quarter of 2007. Cash costs increased by \$8 per ounce as a result of:

- increased mining costs of \$89 per ounce resulting from higher fuel prices and rising cost of consumables
- increased royalty charges of \$13 per ounce driven by a rise in gold prices partially offset by:
- higher gold production which accounted for a decrease of \$94 per ounce

During the first half of 2008, total attributable gold production and cash costs were 82,000 ounces and \$408 per ounce compared to 65,000 ounces and \$407 per ounce respectively during the first half of 2007. Cash costs increased marginally by \$1 per ounce as a result of:

- increased mining costs of \$63 per ounce resulting from higher fuel prices and rising cost of consumables
- increased royalty charges of \$13 per ounce driven by a rise in gold prices largely offset by:
- higher gold production which accounted for a decrease of \$75 per ounce

Sadiola distributed a dividend of \$40.0 million during the second quarter of 2008 of which IAMGOLD's share was \$15.2 million (Q2 2007 - \$4.3 million; First half of 2007 - \$8.6 million). In July 2008, Sadiola also distributed \$20.0 million for which IAMGOLD's share was \$7.6 million.

The Company's attributable portion of capital expenditures during the second quarter of 2008 was \$0.4 million compared to \$0.8 million in the corresponding quarter of 2007. Capital expenditures during the second quarter of 2008 were mainly related to the deep sulphide project and the installation of a gravity concentrator in the mill circuit. Attributable capital expenditures for the first half of 2008 totaled \$1.2 million.

Mali—Yatela Mine (IAMGOLD interest – 40%)
Summarized Results

	2008		2007			
	Q2	Q1	Q4	Q3	Q2	Q1
Total operating material mined (000t)	986	637	1,254	599	312	351
Capitalized waste mined - pit cutback (000t)	158	386	120	652	1,391	1,339
Strip ratio ^(a)	8.2	8.6	8.3	2.1	0.5	1.0
Ore crushed (000t)	276	294	349	259	337	287
Head grade (g/t)	2.6	1.5	2.5	2.3	5.0	3.3
Gold stacked (000 oz)	21	14	28	19	54	30
Gold production (000 oz)	15	17	22	30	33	35
Gold sales (000 oz)	15	17	22	31	32	36
Gold revenue (\$/oz) ^(b)	\$898	\$921	\$796	\$679	\$666	\$651
Cash cost excluding royalties (\$/oz)	\$530	\$348	\$183	\$199	\$189	\$140
Royalties (\$/oz)	53	55	48	42	38	40
Cash cost (\$oz) ^(c)	\$583	\$403	\$231	\$241	\$227	\$180

^(a) Strip ratio is calculated as waste plus marginal ore divided by full grade ore.

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

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

Gold attributable production for the second quarter of 2008 was 15,000 ounces, a decrease of 55% compared to the 33,000 ounces produced in the second quarter of 2007. Gold production decreased as a greater proportion of low grade marginal ore from stockpiles and lower grade sulphide ore from the pit were processed versus high grade oxide ore from the previous year, due to a planned period of mining mostly waste material. Fresh ore availability was low as a larger quantity of waste was stripped. In comparison, gold grades were higher during the second quarter of 2007 as a result of mining higher grades in the bottom of the main pit. The mine expects to reach fresh ore in the fourth quarter of 2008 which will enable the Company to meet its planned production.

Cash costs were \$583 per ounce for the second quarter of 2008 as compared to \$227 per ounce for the second quarter of 2007. Cash costs increased by \$356 per ounce as a result of:

- lower gold production which resulted in increasing cash costs by \$232 per ounce
- higher mining costs of \$109 per ounce driven by higher volume mined
- increased royalty charges of \$15 per ounce due to a rise in gold price

The Yatela mine has finalized details with a new mining contractor to carry out mining operations resulting in an estimated cash cost savings of \$40 per ounce compared to current operating costs. The new contractor has begun providing mining services during the third quarter of 2008.

During the first half of 2008, total attributable production and cash costs were 32,000 ounces and \$487 per ounce compared to 68,000 ounces and \$203 per ounce respectively during the first half of 2007. Cash costs increased by \$284 per ounce as a result of:

- lower gold production which resulted in increasing cash costs by \$186 per ounce
- higher mining costs of \$83 per ounce driven by higher volume mined
- increased royalty charges of \$15 per ounce driven by a rise in gold prices

The Company's attributable portion of capital expenditures during the second quarter of 2008 was \$1.5 million compared to \$4.3 million in the second quarter of 2007, and was related to costs of additional heap leach pads and capitalized stripping. Attributable capital expenditures for the first half of 2008 totaled \$4.1 million.

There were no dividend distributions during both the first half of 2008 and the first half of 2007.

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

	2008		2007			
	Q2	Q1	Q4	Q3	Q2	Q1
Total operating material mined (000t)	3,885	3,904	4,313	4,053	4,128	4,567
Capitalized waste mined (000t)	1,009	1,611	1,459	1,188	1,262	864
Strip ratio ^(a)	3.3	3.2	3.2	3.5	3.0	3.3
Heap Leach:						
Ore crushed (000t)	769	816	788	738	796	827
Head grade (g/t)	1.0	1.0	1.0	1.0	1.0	1.0
Gold stacked (000 oz)	25	27	26	24	27	27
Gold production (000 oz)	18	18	18	17	19	20
Mill:						
Ore milled (000t)	264	274	268	247	271	287
Head grade (g/t)	1.6	1.6	1.5	1.5	1.5	1.6
Recovery (%)	97	98	98	98	97	97
Gold production (000 oz)	14	13	12	12	13	13
Total gold production (000 oz)	32	31	30	29	32	33
Total gold sales (000 oz)	32	31	31	28	32	33
Gold revenue (\$/oz) ^(b)	\$896	\$915	\$784	\$679	\$669	\$650
Cash cost excluding royalties (\$/oz)	\$451	\$435	\$428	\$413	\$309	\$355
Royalties (\$/oz)	27	27	24	20	20	20
Cash cost (\$oz) ^(c)	\$478	\$462	\$452	\$433	\$329	\$375

^(a) Strip ratio is calculated as waste plus marginal ore divided by full grade ore.

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

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

Gold attributable production for the second quarter of 2008 of 32,000 ounces was similar to the second quarter of 2007 as higher gold production on the carbon-in-leach process offset the lower gold production in the heap leach process. Gold production in the heap leach during the second quarter of 2008 was lower than the corresponding period in 2007 as a result of lower ore crushed. Gold production in the carbon-in-leach process during the second quarter of 2008 was higher than the second quarter of 2007 as increased gold grades processed in the mill more than offset the decrease in throughput.

Cash costs were \$478 per ounce for the second quarter of 2008 as compared to \$329 per ounce for the second quarter of 2007. Cash costs increased by \$149 per ounce as a result of:

- increased mining costs of \$142 per ounce driven by a rise in cost of consumables and energy, and
- higher royalty charges of \$7 per ounce due to a rise in gold prices.

Current cost reduction efforts are focussed on optimizing truck haulage, tire management, blasting optimization, and reduction of in-process inventories.

During the first half of 2008, total attributable production and cash costs were 63,000 ounces and \$470 per ounce compared to 65,000 ounces and \$352 per ounce respectively during the first half of 2007. Cash costs increased by \$118 per ounce as a result of:

- increased mining costs of \$99 per ounce driven by a rise in cost of consumables and energy,
- lower gold production, which resulted in increasing cash costs by \$12 per ounce, and
- higher royalty charges of \$7 per ounce due to a rise in gold prices.

The Company's attributable portion of capital expenditures during the second quarter of 2008 was \$12.6 million compared to \$11.0 million in the second quarter of 2007. Capital expenditures during the second quarter of 2008 were related to the CIL expansion project, capitalized waste stripping, the north heap leach expansion and the relocation of an electrical transformer sub-station. Overall increased gold

recovery, after the start-up of the CIL mill expansion, will also positively impact unit costs. Attributable capital expenditures for the first half of 2008 totaled \$22.7 million.

There were no cash distributions from Tarkwa during both the first half of 2008 and the first half of 2007.

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

	2008		2007			
	Q2	Q1	Q4	Q3	Q2	Q1
Total operating material mined (000t)	1,238	1,089	1,105	914	876	826
Capitalized waste mined						
- pit cutback (000t)	111	638	412	433	519	712
Strip ratio ^(a)	4.3	4.3	5.0	5.1	6.1	4.4
Ore milled (000t)	200	233	208	212	235	262
Head grade (g/t)	1.6	1.4	1.3	1.4	1.1	1.2
Recovery (%)	94	94	94	94	91	92
Gold production & sales (000 oz)	10	10	9	9	7	9
Gold revenue (\$/oz) ^(b)	\$897	\$921	\$789	\$679	\$669	\$649
Cash cost excluding royalties (\$/oz)	\$598	\$557	\$604	\$452	\$564	\$447
Royalties (\$/oz)	27	28	24	20	20	19
Cash cost (\$/oz) ^(c)	\$625	\$585	\$628	\$472	\$584	\$466

^(a) Strip ratio is calculated as waste plus marginal ore divided by full grade ore.

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

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

Gold attributable production during the second quarter of 2008 was 10,000 ounces, as compared to 7,000 ounces in the second quarter of 2007. The increase in gold production was a result of higher gold grades and gold recoveries. Head grades processed increased as compared to the second quarter of 2007 due to higher tonnage of fresh ore mined.

Cash costs were \$625 per ounce for the second quarter of 2008 compared to \$584 per ounce for the second quarter of 2007. Cash costs increased by \$41 per ounce as a result of:

- increased mining costs of \$155 per ounce driven by higher volume mined, and due to a rise in cost of consumables, energy and labor, and
- higher royalty expenses of \$7 per ounce due to a rise in gold prices.
- Partially offset by higher gold production which resulted in decreasing cash costs by \$121 per ounce.

The Damang mine is currently focusing on lowering contract mining costs and improved blasting techniques.

During the first half of 2008, total attributable gold production and cash costs were 20,000 ounces and \$604 per ounce compared to 16,000 ounces and \$519 per ounce respectively during the first half of 2007. Cash costs increased by \$85 per ounce as a result of:

- increased mining costs of \$150 per ounce driven by higher volume mined, and due to a rise in cost of consumables, energy and labor, and
- higher royalty expenses of \$7 per ounce due to a rise in gold prices.
- Partially offset by higher gold production, which resulted in decreasing cash costs by \$72 per ounce.

The Company's attributable portion of capital expenditures during the second quarter of 2008 was \$1.1 million compared to \$1.7 million in the second quarter of 2007. Capital expenditures during the second quarter of 2008 were related to dewatering of the cutback pits, raising the East tailings storage facility, building an access ramp to the main pit and purchase of mobile equipment. Attributable capital expenditures for the first half of 2008 totaled \$2.5 million.

During the second quarter of 2008, capitalization of stripping costs related to the cutback ceased as the main body of ore has been accessed. All stripping costs are now being expensed and amortization of capitalized stripping costs is being recorded.

There were no cash distributions from Damang during both the first half of 2008 and the first half of 2007.

Canada—Niobec Mine (IAMGOLD interest – 100%)

Summarized Results

100% Basis

	2008		2007			
	Q2	Q1	Q4	Q3	Q2	Q1
Total operating material mined (000t)	475	447	250	428	415	437
Ore milled (000t)	465	429	363	425	410	420
Grade (% Nb ₂ O ₅)	0.60	0.67	0.66	0.65	0.63	0.64
Niobium production (000kg Nb)	1,035	1,151	1,008	1,102	1,056	1,134
Niobium sales (000kg Nb)	1,217	1,046	1,066	938	1,259	1,074
Operating margin (\$/kg Nb) ^(a)	\$15	\$16	\$11	\$14	\$9	\$7
Operating cash flow before working capital changes (\$000)	\$16,270	\$16,952	\$11,838	\$13,504	\$11,165	\$8,838
Working capital changes (\$000)	(2,146)	(3,391)	4,187	(219)	3,553	(4,009)
Operating cash flow (\$000)	\$14,124	\$13,561	\$16,025	\$13,285	\$14,718	\$4,829

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

The Niobec mine is a non-gold producing asset. It represents the only North American source of pyrochlore in operation, and one of only three major producers of niobium worldwide.

In 2008, demand for niobium, a strengthening element used in the manufacturing of high strength low alloy steel, continued to be strong. Although demand in North America has slightly declined due to a weakening of the automobile sector, this has been more than offset by demand conditions including growth in China where consumption remains strong. Niobium demand closely follows the demand for steel, amplified by a trend over time to increase the usage of niobium per tonne of steel produced. Niobium prices, like demand, have continued to rise sharply during the first half of 2008, as have most consumables tied to the production of steel.

Niobium production during the second quarter of 2008 was 1,035 tonnes as compared to 1,056 tonnes in the second quarter of 2007. The decrease in production was a result of lower grades and recoveries partially offset by increased tonnage hoisted and processed. The operating margin per kilogram of niobium continued to expand and increased during the second quarter and the first half of 2008 by 67% and 100% respectively, compared to the same periods in 2007. During the second quarter of 2008, niobium revenues were \$38.4 million, as compared to \$28.9 million in the second quarter of 2007 as a result of a 38% increase in the realized niobium price, partially offset by a 3% decrease in sales volume. Mining costs increased by 12% compared to the second quarter of 2007 as a result of increased cost of consumables and the weakening US dollar.

The Niobec mine contribution to operating cash flow was \$14.1 million in the second quarter of 2008 as compared to \$14.7 million in the second quarter of 2007 (first half of 2008 - \$27.7 million compared to \$19.5 million in the first half of 2007).

Capital expenditures during the second quarter of 2008 were \$5.0 million primarily related to underground expansion, equipment and deferred development. Capital expenditures for the first half of 2008 totaled \$8.3 million.

In June 2008, the Company announced the positive results of the feasibility study for the paste backfill system which continues to increase the value of Niobec. The paste backfill system will enable the extraction of more ore grade material and result in the doubling of the current reserves to more than 20 years at current mining rates. The construction of the paste backfill plant could be completed by mid-2010 at an estimated capital cost of \$8.0 million, and provide an estimated rate of return of over 20% at long-term niobium prices. The potential to realize additional tonnage from the current mining levels through the use of paste backfill is also being investigated.

In May 2008, IAMGOLD announced the successful negotiation and ratification of two three-year collective agreements at its Niobec mine. Highlights of the agreements include wage increases of 3.0% and 4.5%, enhancements to the existing defined contribution pension plan and improvements to the shift and weekend premiums.

EXPLORATION AND DEVELOPMENT

During the first half of 2008, IAMGOLD's exploration team was actively engaged in exploration in nine countries within South America and Africa, including brownfields work in proximity to the Company's operating mines. During the second quarter of 2008, the Company incurred exploration and development expenditures of \$17.4 million compared to \$22.2 million in the same quarter of 2007. During the first half of 2008, the Company incurred \$34.1 million compared to \$39.6 million for the first half of 2007. Exploration and development costs are summarized in the following table:

	Three months ended June 30,		Six months ended June 30,	
(in \$000's) (unaudited)	2008	2007	2008	2007
Capitalized Exploration & Development	\$	\$	\$	\$
Operating mines – segment ⁽¹⁾				
Suriname	2,613	2,000	5,259	3,511
Canada	4,172	2,803	7,263	6,016
Mali	250	507	288	1,126
Non-gold	18	59	22	62
	7,053	5,369	12,832	10,715
Exploration & development				
South America				
Ecuador – Quimsacocha	669	1,361	1,049	2,326
French Guiana – Camp Caiman	853	3,936	1,497	6,722
Peru – La Arena	182	1,726	542	2,338
Africa				
Tanzania – Buckreef	698	1,609	2,251	3,271
Botswana	-	164	-	252
	2,402	8,796	5,339	14,909
Total Capitalized	9,455	14,165	18,171	25,624
Expensed Exploration				
Operating mines – segment				
Canada	1,592	256	3,119	424
Botswana	8	281	13	440
Mali	496	71	1,139	71
Other	-	934	-	2,803
	2,096	1,542	4,271	3,738
Exploration				
South America	4,241	3,168	8,166	6,013
Africa	1,422	1,712	3,063	3,265
Canada	223	216	451	(441)
Australia	9	1,350	9	1,417
	5,895	6,446	11,689	10,254
Total Expensed	7,991	7,988	15,960	13,992
Total Capitalized and Expensed	17,446	22,153	34,131	39,616

⁽¹⁾ Exploration and development costs related to activity within a mine area are included in mining assets and within the segmented information found in the Notes to the unaudited Interim Consolidated Financial Statements. The expenditures are discussed in the results of operations section of this MD&A. Exploration projects, which are distinct from mine activities, are included in exploration and development expenditures and are discussed below.

CAPITALIZED DEVELOPMENT PROJECTS

South America - Ecuador—Quimsacocha

Work in Ecuador was directed entirely on the Quimsacocha project, an advanced exploration project with an identified indicated resource of 33 million tonnes at an average grade of 3.2 grams per tonne of gold, indicating 3.3 million ounces of gold. A mandate passed by the Constituent Assembly in April 2008 resulted in a moratorium on mining activities in the country for 180 days pending the completion of new mining legislation.

In the second quarter of 2008, the Government of Ecuador has advanced the process of revising the Mining Code of Ecuador by conducting an extensive review of the policy recommendations made by the Constitutional assembly and through dialogue with international mining experts. A mining committee consisting of senior officials of the Mining Ministry and representatives of the large mining companies active in Ecuador, including IAMGOLD, has conducted regular and constructive discussions regarding technical, fiscal and environmental aspects of the new Mining Code. On June 27, 2008, the Minister of Mines submitted a draft Mining Code to the President for his review. The President has, throughout this period, consistently maintained his commitment to develop a Mining Policy that allows for and promotes responsible large scale mining that provides an equitable sharing of benefits between all stakeholders. The President has indicated his intention to publish a draft Mining Code and conclude the Constitutional assembly process before the end of August. The Company looks forward to resuming exploration drilling on new targets within the concessions following the approval of the new Mining Code when drilling permits become available. The Government of Ecuador has not officially set a specific timetable for the final approval of the Mining Code. The pending legislative change will not prevent the Company from proceeding with final feasibility work for the remainder of this year.

On July 29, 2008, the Company released results of the pre-feasibility study of the Quimsacocha project. The study shows that during the first three years of production, Quimsacocha will produce on average 224,000 ounces of gold per year at an average grade of 7.1 grams per tonne of gold, with cash costs averaging \$214 per ounce before royalties and profit sharing. The operation would generate, over the first three years, a pre-tax cash flow of \$352 million. Over a projected mine life of 7.5 years, the current deposit would produce an average of 202,000 ounces of gold per year at an average cash cost of \$272 per ounce (no royalties or profit sharing included), generating a pre-tax operating cash flow of \$669 million. Capital expenditures up to commercial production, including all expenditures on development studies, are estimated at \$337.1 million including a contingency of \$45 million. The study shows an internal rate of return, using undiscounted cash flow, of 21.3% (pre-tax and government royalties) and has an estimated payback of 3 years. Construction is expected to commence in 2010 with commercial production in the second half of 2011 all of which will be dependent on the finalization of the mining code and receipt of permits. The Company will work to complete the feasibility study while pursuing its work on both the environmental and social impact assessments.

If the Company is unable to reach an agreement on an acceptable project development plan, there may be an adverse impact on existing rights and interests, the impact of which is difficult to assess at this time. Based on information currently available, the Company believes there is insufficient evidence to indicate an impairment exists. The Company will continue to monitor the situation.

South America – French Guiana - Camp Caiman Project

Camp Caiman is a development project, located about 45 kilometers southeast of Cayenne, the capital city of French Guiana. In January 2008, the formal application for the permit necessary to commence construction of the Camp Caiman project was denied by the President of the French Republic. The denial of the permit was not based on any technical, legal or regulatory deficiency but rather on the decision by the President to revise the framework for mining in French Guiana in order to balance economic development with protection of biodiversity. The development of a new mining framework is proceeding with a target for completion by the end of 2008. The Company has developed a conceptual plan, entitled Project Harmonie, as an alternate approach to developing the existing deposit in French Guiana. During the past four months, the Company's representatives have been proactively meeting with key stakeholders in the Government, the local business community and the international Non-Governmental Organizations community in order to explain the benefits of Project Harmonie regarding environmental protection and responsible development. A decision to submit a formal application for the development of Project Harmonie will only be taken after the development of the new mining framework is

completed. Various aspects of the fiscal and regulatory regime being reviewed as part of the new framework will need to be confirmed in order to make a final assessment of the feasibility of Project Harmonie. The Company will be working in cooperation with the French mining and environmental administration to ensure that the new framework provides a basis for the highest standards for responsible mining that is economically viable. The first draft of the mining framework is due to be completed by the end of September 2008. A decision to submit a formal application for a mining permit for Project Harmonie is expected by the end of December 2008. The Company cannot predict with certainty whether Project Harmonie would be feasible under the terms of the new mining framework or whether a formal application for a mining permit would be granted. If the project is not feasible or an application for a mining permit is not successful, the only recourse for recovering the value of the Camp Caiman project would be a claim for compensation. In order to protect the Company's rights and interests regarding the denial of the Camp Caiman project, the appropriate legal claims have been filed. The Company remains committed to the French Guiana region and seeks to make a valuable contribution to the economic development of French Guiana.

Based on information currently available, the Company believes there is insufficient evidence to indicate an impairment exists. The Company will continue to engage in discussions with stakeholders.

The Company holds additional exploration permits near the proposed alternative infrastructure site, but exploration activities were suspended in July 2008 pending the outcome of Project Harmonie.

South America – Peru – La Arena

In May 2008, IAMGOLD announced that it has entered into an agreement with Rio Alto Mining Limited ("Rio Alto") for the sale of its Peruvian development gold-copper La Arena project, for a consideration of \$47.6 million in cash and a 5.5% interest in Rio Alto. Rio Alto is required to obtain funding to complete the transaction. In light of information received from Rio Alto's financial advisors on raising funds for the transaction, IAMGOLD and Rio Alto are considering different financial structures to conclude the transaction for the same aggregate consideration.

Africa – Tanzania – Buckreef

Work in Tanzania was directed almost entirely to exploration and evaluation of the Buckreef Project, located in the Lake Victoria Goldfields in northern Tanzania. Buckreef is an advanced exploration project containing measured and indicated resources of 15.9 million tonnes, at an average grade of 2.0 grams per tonne of gold, indicating 1.0 million ounces of gold. IAMGOLD controls 259 square kilometers at Buckreef, covering 40 kilometers of strike of the Rwamagaza Greenstone belt.

Both diamond and reverse circulation (RC) drilling were carried out on the project from November 2007 through May 2008. Work included twenty-three diamond drill holes designed to twin earlier RC intercepts to increase confidence in grade estimates, in-fill drilling inside conceptual pit shells to convert inferred resources to measured and indicated resources, and infill RC drilling on the Bukoli-Minzwel trend to provide for a resource estimation. An additional fourteen diamond drill holes were completed to gather geotechnical information to assist in pit design. Outside of the known resources, fifty-five RC holes totaling 5,389 meters were completed on several satellite prospects near the historic Buckreef mine. Most notable was the Eastern Porphyry prospect located east of the Buckreef resource where gold mineralization was identified over a strike length of 400 meters, but continuity has not been demonstrated. Reconnaissance aircore drilling commenced in May on priority targets within and adjacent to the Bukoli-Minzwel trend, and a total of 245 holes for 8,688 meters were completed in the second quarter of 2008. Additional regional targets have been identified within the western sector of the Company's land package, and will be tested with aircore drilling starting in July 2008. Results from the metallurgical heap leach test work on material from Buckreef and Busolwa-Buziba resources were received late in June. These results are currently being incorporated into a scoping study. A revised resource and reserve was announced in July that incorporated an inferred resource estimate for the previously unreported Bukoli-Minzwel trend.

IAMGOLD has approved a budget of \$9.5 million for the 2008 Buckreef exploration program. In addition to work on the known resources, regional geologic assessment continues and seven regional priority targets were identified for evaluation during the 2008 program. The objective is to advance the project to advanced scoping / pre-feasibility status once positive economics are confirmed from the revised scoping study expected in August 2008.

GREENFIELDS EXPLORATION EXPENSES

South America - Brazil

Exploration was directed at several early stage exploration projects located principally in the southernmost State of Rio Grande do Sul, and in the historically important Minas Gerais mining district. Diamond drilling commenced on the Minas Gerais properties in June 2008 on a series of gold anomalous trends displaying favorable geophysical responses. The anomalous trends are also marked by a series of large historical surface mine workings dating from the 17th century that were identified from the Company's detailed mapping program. A minimum 3,000 meter drilling program is planned, but can be expanded as results warrant.

South America - Guyana

The Company's field activities were directed principally at the Eagle Mountain Project located about 200 kilometers south of the coastal Capital city of Georgetown. Results of a 1,257 meter diamond drill program completed in April are under review in preparation for a follow-up drill program in the second half of 2008. The drill program will be designed to trace the extent of significant drill intercepts encountered in the last drill campaign as well as test newly identified targets on the property.

South America - Suriname

IAMGOLD is engaged on a multi-year exploration effort on the Rosebel concession holdings. Numerous large soil geochemical and geophysical surveys are on-going to evaluate the potential of areas within reasonable economic distance from the Company's operation. This work is being carried out in anticipation of a 4,000 to 5,000 meter diamond drill program in 2008. This work is independent of the capitalized exploration and development drilling carried out by Rosebel mine as described in the operations section of this report.

The Sarakreek project is situated in Brokopondo province about 100 kilometers south of the Rosebel Gold Mine, and 170 kilometers south of the capital of Paramaribo. The project covers an area of 1,281 square kilometers in two separate concession blocks. IAMGOLD holds an 87.5% interest in the entire project. The Company has carried out two drill campaigns totaling 7,819 meters in 50 diamond drill holes since 2007. The property has not been drill tested previously. Drill results provided in a press release dated May 29, 2008, show numerous significant intercepts in multiple zones. The next phase of the exploration program will continue to assess the potential of these zones and evaluate other targets along the mineralized trend. An evaluation of additional nearby geochemical anomalies will be carried out, and regional surveys are planned to identify further targets on the exploration concessions and expand on regional priority targets. The Sarakreek project currently has a budget of \$2.2 million for 2008.

South America - French Guiana

Limited field surveys were carried out on the Company's concessions located about 20-25 kilometers southwest of the Camp Caiman development project. A planned 5,000 meter drill program for 2008 was suspended due to the uncertainty surrounding the Camp Caiman project. The Company will continue to monitor the situation. The expensed exploration planned for French Guiana in 2008 is \$2.9 million, but it may be adjusted downward in the second half of 2008.

Africa - Senegal

The Company continues to work on its wholly-owned Boto project located in eastern Senegal near the Mali border. A press release issued in July 2008 provided details of a 9,026 meter combined diamond and RC drill program carried out in 2007 and early 2008. Among the highlights was the identification of several new gold anomalous zones including a distinct six kilometer-long mineralized corridor named the Boto 2-4-6 Guemedji trend. The Company is currently integrating the results of the drilling program with results of an ongoing High Resolution Dipole-Dipole I,P.(induced polarization) geophysical survey in preparation for a follow-up drill program starting in the fourth quarter of 2008.

OUTLOOK

IAMGOLD is searching for new opportunities and will pursue the discovery of new deposits in 2008. The approved capitalized and expensed exploration and development planned for 2008 is \$87.3 million. Planned expenditures in 2008 may be affected by delays in the exploration in Ecuador and the results of further dialogue regarding the Company's interests in French Guiana, offset by the acceleration in the development of the Westwood project. The total exploration and development plan remains unchanged and is summarized as follows:

(in \$000's)	Capitalized	Expensed	Total
	\$	\$	\$
Operating mines – segment	32,800	3,317	36,117
Exploration and development projects	22,811	28,356	51,167
	55,611	31,673	87,284

CASH FLOW

Operating cash flow was \$44.9 million for the second quarter of 2008 compared to \$14.1 million during the second quarter of 2007. For the first half of 2008, operating cash flow was \$117.6 million compared to \$30.7 million during the first half of 2007. The increase in operating cash flow was mainly driven by higher gold and niobium prices, higher volume of gold ounces sold, partially offset by higher mining costs due to increased production. The Niobec mine contribution to operating cash flow during the second quarter of 2008 was \$14.1 million compared to \$14.7 million during the second quarter of 2007 and \$27.7 million during the first half of 2008 compared to \$19.5 million during the first half of 2007.

Cash flow used in investing activities during the second quarter of 2008 was \$37.5 million compared to \$28.7 million in the second quarter of 2007, an increase of 31%. Cash flow used in investing activities during the first half of 2008 was \$83.4 million compared to \$53.4 million in the second half of 2007, an increase of 56%. Investing activities are mainly related to mining assets, exploration and development, investments and increases in restricted cash related to asset retirement obligations. Planned capital expenditures in 2008 are \$127.0 million.

Cash flow from financing activities was \$0.2 million in the second quarter of 2008 compared to cash flow used in financing activities of \$2.8 million in the second quarter of 2007. The amount in the second quarter of 2008 was primarily attributable to the exercise of options. Cash flow used in financing activities during the first half of 2008 was \$7.5 million compared to \$37.3 million in the first half of 2007, a decrease of 80% mainly due to an increase in issuance of common shares and lower repayment of long-term debt.

BALANCE SHEET

Liquidity and Capital Resources

Cash and cash equivalents, and bullion position totaled \$295.7 million as at June 30, 2008 compared to \$242.5 million as at December 31, 2007 with bullion valued at the period-end market price. The Company also has access to a \$140.0 million, five-year, revolving credit facility which was signed during the second quarter of 2008.

Working Capital

	As at June 30, 2008	As at December 31, 2007
Working capital (in \$000's)	204,848	155,971
Current working capital ratio	2.3	1.9

Working capital increased by \$48.9 million mainly due to increases in cash and cash equivalents, and decreases in dividends payable.

Cash and cash equivalents

(in \$000's)	As at June 30, 2008	As at December 31, 2007
	\$	\$
Discretionary cash and cash equivalents	118,673	95,693
Joint venture cash	21,296	17,572
Total	139,969	113,265

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 accounted for as working interest which totaled \$11.0 million as at June 30, 2008 and \$5.1 million as at December 31, 2007.

Long-Term Debt

The current portion of the non-revolving term loan of the credit facility totaling \$4.0 million as at December 31, 2007 was repaid in March 2008. In the second quarter of 2008, the Company replaced the previous credit facility by signing a new \$140.0 million five-year revolving credit facility which may be used for general corporate purposes including acquisitions. The new credit facility provides for an interest rate margin above LIBOR and Base rate advances which varies according to the senior debt ratio. The letter of credit and standby fees also vary according to the senior debt ratio. This credit facility is guaranteed and secured by the Company's major subsidiaries and secured by a pledge of IAMGOLD's shares in these subsidiaries.

As at June 30, 2008, the credit facility was not drawn upon except for \$11.4 million in letters of credit issued to guarantee asset retirement obligations.

The long-term debt includes:

- Liability of \$3.9 million relating to the balance of the purchase price for the Camp Caiman project from Asarco Incorporated, a wholly owned subsidiary of Asarco Guyane Française S.A.R.L.
- Financing of \$1.1 million relating to an agreement with Hydro-Québec for the installation of a new power line at the Niobec mine site. The annual interest rate is 6.41%.
- Remaining non-participating shares for \$0.8 million redeemable, assumed following the acquisition of Cambior Inc. in November 2006.
- Other loans totaling \$0.3 million.

Asset Retirement Obligations

At June 30, 2008, a liability of \$82.3 million (December 31, 2007- \$85.3 million), representing the discounted value of asset retirement obligations, was accounted for in the Company's balance sheet. Accretion expensed totaled \$1.3 million during the second quarter of 2008 (\$2.4 million during the first half of 2008). Disbursements totaling \$2.3 million were incurred during the second quarter of 2008 (\$3.9 million during the first half of 2008). Disbursements in 2008 will mainly be related to the Omai gold mine closure for which an agreement was signed in 2008.

Shareholders' Equity

At the end of 2007, IAMGOLD announced an annual dividend payment of \$0.06 per share totaling \$17.6 million which was paid on January 11, 2008.

As at June 30, 2008, the Company had 295,623,329 shares issued and outstanding, 6,664,797 outstanding share options and 19,991,000 outstanding warrants. As at August 5, 2008, there were 295,637,292 shares issued and outstanding and 6,554,667 share options outstanding. In addition, there were 19,991,000 warrants exercisable for 8,396,220 shares at a price of C\$8.93 each, expiring on August 12, 2008.

Gold Sales and Commitments

As at June 30, 2008, the Mupane sales contracts totaling 82,776 ounces of gold at an average price of \$405 per ounce were 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 the second quarter of 2008, the required 19,444 ounces of gold (38,888 ounces during the first half of 2008) (19,663 ounces during the second quarter of 2007; 38,888 ounces during the first half of 2007) were delivered under these forward sales contracts.

(in \$000's)	As at June 30, 2008		As at December 31, 2007	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	\$	\$	\$	\$
Normal sales contracts (Mupane)	(19,575)	(44,061)	(28,346)	(53,720)

Gold Bullion

At June 30, 2008, the accumulated gold bullion balance was 167,454 ounces at an average cost of \$390 per ounce for a total cost of \$65.3 million. The market value of the bullion was \$155.8 million using the June 30, 2008 gold price of \$930 per ounce (as at December 31, 2007: 154,954 ounces of gold, cost of \$54.0 million and market value of \$129.2 million). The increase during the second quarter of 2008 in the number of ounces was due to the receipt of 6,250 ounces of gold related to a gold receivable following a prior disposal of a project (12,500 ounces during the first half of 2008).

(in \$000's)	As at June 30, 2008		As at December 31, 2007	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	\$	\$	\$	\$
Gold bullion	65,320	155,774	53,982	129,193

Ounces of Gold Receivable

As at June 30, 2008, IAMGOLD had 6,250 ounces of gold receivable, valued at \$5.8 million related to the prior disposal of a project (as at December 31, 2007: 18,750 ounces valued at \$15.4 million). The remaining ounces are expected to be received during the third quarter of 2008.

Contractual Obligations

There were no material changes in contractual obligations compared to the information disclosed in the 2007 annual report except for capital commitments which increased by \$13.7 million to \$24.8 million mainly due to the Rosebel mill expansion and optimization projects.

RELATED PARTY TRANSACTIONS

There were no material related party transactions during the first half of 2008.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS

As of the end of the second quarter of 2008 of IAMGOLD, an evaluation was carried out under the supervision of, and with the participation of IAMGOLD's management, including the Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO"), of the effectiveness of disclosure controls and procedures. Based on that evaluation, the CEO and the CFO have concluded that the design and operation of disclosure controls and procedures were effective as of June 30, 2008, the end of the period covered by this report, to ensure material information relating to IAMGOLD and its subsidiaries would be made known to them by others within those entities.

There have been no changes in the Company's internal control over financial reporting that occurred during the three months ended June 30, 2008, that have materially affected, or are reasonably likely to materially affect the Company's internal controls over financial reporting.

CHANGES IN CANADIAN ACCOUNTING POLICIES

(a) Financial instruments—disclosures and presentation:

The Canadian Institute of Chartered Accountants ("CICA") issued new accounting standards: Section 3862—Financial instruments – disclosures, and Section 3863—Financial instruments – presentation, which were effective for IAMGOLD on January 1, 2008. The new standards replace Section 3861—Financial instruments – disclosure and presentation.

Section 3862 require the disclosure of additional qualitative and quantitative information that enable users to evaluate the significance of financial instruments influencing the entity's financial position and performance and the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the balance sheet date, and how the entity manages those risks. The adoption of this new accounting standard resulted in expanded disclosures in Note 12 of the Company's interim unaudited consolidated financial statements.

Section 3863 establishes standards for presentation of financial instruments and non-financial derivatives and provides additional guidance for the classification of financial instruments, from the perspective of the issuer, between liabilities and equity, and the classification of related interest, dividends, losses and gains. The adoption of this new accounting standard did not have any impact on the Company's financial statements.

The Company's financial instruments such as cash and cash equivalents, restricted cash, marketable securities and warrants are all recorded at fair values on the Company's balance sheet, while receivables, accounts payable and long-term debt are recorded at amortized cost, and gold forward contracts, initially recorded at fair value, are subsequently recorded at amortized cost.

(b) Capital disclosures:

On December 1, 2006, the CICA issued the new accounting standard: Section 1535 – Capital disclosures, which was effective for IAMGOLD on January 1, 2008. Section 1535 – Capital disclosures specifies the disclosure of information that enables users of the Company's financial statements to evaluate the entity's objectives, policies and processes for managing capital such as qualitative information about its objectives, policies and processes for managing capital, summary quantitative data about what the entity manages as capital, whether the entity has complied with any capital requirements and, if it has not complied, the consequences of non-compliance. The adoption of this new accounting standard resulted in expanded information disclosed in Note 13 of the Company's interim unaudited consolidated financial statements.

(c) Inventories:

In June 2007, the CICA issued Section 3031 – Inventories which replaces Section 3030 – Inventories and establishes standards for the measurement and disclosure of inventories. This section applies to fiscal years beginning on or after January 1, 2008. The main features of the new section are:

- Measurement at the lower of cost and net realizable value;
- Cost of items that are not ordinarily interchangeable, and goods and services produced and segregated for specific projects, assigned by using a specific identification of their individual costs;
- Consistent use of either first-in first-out or weighted average cost formula to measure the cost of other inventories;
- Reversal of previous write-downs to net realizable value when there is a subsequent increase in the value of inventories.

This new section also provides for additional disclosure presented in Notes 6 and 10 of the Company's interim unaudited consolidated financial statements. The adoption of this new accounting standard resulted in a reclassification of \$1.3 million of capital spares from inventories to mining assets at January 1, 2008.

FUTURE ACCOUNTING CHANGES

Goodwill and intangible assets

In February 2008, the CICA replaced Section 3062 by Section 3064 – Goodwill and intangible assets and adopted relevant parts of International Financial Reporting Standard IAS 38 – Intangible Assets. This section gives the definition of goodwill and intangible assets, and instruction for recognition and measurement. This section applies to fiscal years beginning on or after October 1, 2008. The Company is assessing the impact of this new section and will adopt these standards in 2009.

International Financial Reporting Standards

In January 2006, the Accounting Standards Board (“AcSB”) adopted its strategic plan, which includes the decision to move financial reporting for Canadian publicly accountable enterprises to a single set of globally accepted high-quality standards, namely, International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (IASB). In February 2008, the AcSB confirmed that IFRS must be adopted for fiscal years beginning on or after January 1, 2011.

IAMGOLD started its transition process with the development of a preliminary plan and the identification of a team and an external resource provider which will be involved in the process. This team includes people at all levels of the organization from different departments such as finance, information technology, internal control, mining operations and investor relations. A training plan has been developed and is currently in progress. The team is currently in the process of identifying the major differences between the Company's accounting policies and IFRS and will assess the impact of the application of IFRS on the Company's consolidated financial statements, including choices permitted under IFRS, and implementation decisions such as whether certain changes will be applied on a retrospective or a prospective basis. The impact on the Company's business practices, information technology and data systems, and internal controls over financial reporting will also be assessed and a detailed implementation plan will be developed. The Company will follow the key events timeline proposed by the AcSB to obtain training and thorough knowledge of IFRS, finalize assessment of accounting policies with reference to IFRS and plan for convergence to be ready for the changeover planned in 2011.

FORWARD-LOOKING STATEMENTS

CAUTIONARY STATEMENT ON FORWARD-LOOKING INFORMATION

Certain information included in this Management's Discussion and Analysis, including any information as to the Company's future financial or operating performance and other statements that express management's expectations or estimates of future performance, constitute "forward-looking statements". The words "expect", "will", "intend", "estimate" and similar expressions identify forward-looking statements. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by management, are inherently subject to significant business, economic and competitive uncertainties and contingencies. The Company cautions the reader that such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual financial results, performance or achievements of IAMGOLD to be materially different from the Company's estimated future results, performance or achievements expressed or implied by those forward-looking statements and the forward-looking statements are not guarantees of future performance. These risks, uncertainties and other factors include, but are not limited to: changes in the worldwide price of gold, niobium, copper or certain other commodities (such as silver, fuel and electricity); changes in US dollar and other currencies, interest rates or gold lease rates; risks arising from holding derivative instruments; ability to successfully integrate acquired assets; legislative, political or economic developments in the jurisdictions in which the Company carries on business; operating or technical difficulties in connection with mining or development activities; employee relations; availability and increasing costs associated with mining inputs and labor; the speculative nature of exploration and development, including the risks of diminishing quantities or grades of reserves, adverse changes in the Company's credit rating, contests over title to properties, particularly title to undeveloped properties; and the risks involved in the exploration, development and mining business. IAMGOLD's ability to sustain or increase its present levels of gold production is dependent in part on the success of its projects. Risks and unknowns inherent in all projects, include: the accuracy of reserve estimates; metallurgical recoveries; capital and operating costs of such projects; and the future of the relevant minerals.

Projects have no operating history upon which to base estimates of future cash flow. The capital expenditures and time required to develop new mines or other projects are considerable and changes in costs or construction schedules can affect project economics. Actual costs and economic returns may differ materially from IAMGOLD's estimates or IAMGOLD could fail to obtain the governmental approvals necessary for the operation of a project, in which case, the project may not proceed, either on its original timing, or at all.

These factors are discussed in greater detail in the Company's most recent Form 40-F/Annual Information Form on file with the US Securities and Exchange Commission and Canadian provincial securities regulatory authorities.

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

US Investors Should Note

The US Securities and Exchange Commission ("SEC") permits mining companies, in their filings with the SEC to disclose only those mineral deposits that a company can economically and legally extract or produce. The Company may use certain terms in its publications such as "measured", "indicated" and "inferred" "resources" that are prescribed by Canadian regulatory policy and guidelines but are prohibited by the SEC from use by US registered companies in their filings with the SEC. US investors are urged to consider closely the disclosure in the IAMGOLD Annual Report on Form 40-F. A copy of the 2007 Form 40-F is available to shareholders, free of charge, upon written request addressed to the Investor Relations Department.

SUPPLEMENTAL INFORMATION TO THE MANAGEMENT'S DISCUSSION AND ANALYSIS

NON-GAAP FINANCIAL MEASURES

ADJUSTED NET EARNINGS

Adjusted net earnings and adjusted net earnings per share are non-GAAP financial measures and represent net earnings (loss) before impairment charges. Management believes that these measures better reflect the Company's performance for the current period and are a better indication of its expected performance in future periods. Adjusted net earnings and adjusted net earnings per share are intended to provide additional information, but do not have any standardized meaning prescribed by GAAP and should not be considered in isolation or a substitute for measures of performance prepared in accordance with GAAP. These measures are not necessarily indicative of net earnings (loss) or cash flows as determined under GAAP. The following table provides a reconciliation of adjusted net earnings to net earnings (loss) as per the consolidated statement of earnings.

	Q2 2008	Q1 2008	Q4 2007	Q3 2007	Q2 2007	Q1 2007
(in \$000's)	\$	\$	\$	\$	\$	\$
Adjusted net earnings	33,271	34,373	14,401	19,527	12,355	11,285
Impairment charge – Mupane	-	-	-	-	(93,725)	-
Impairment charge – Doyon development costs	-	-	(5,903)	-	-	-
Net earnings (loss)	33,271	34,373	8,498	19,527	(81,370)	11,285

CASH COSTS

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

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

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

Second quarter ended June 30, 2008

(unaudited)	Operating Gold Mines						Other		
(in \$000's, except where noted)	Rosebel	Doyon Division	Sleeping Giant	Mupane	Sadiola	Yatela	Total	(1)	Total ⁽²⁾
Mining costs, excluding depreciation, depletion and amortization	39,001	16,758	8,628	8,012	18,604	8,919	99,922	20,277	120,199
Adjust for:									
By-product credit	(87)	(779)	(379)	(58)	(57)	(13)	(1,373)		
Stock movement	75	2,776	(608)	1,538	-	88	3,869		
Stockpile movement-depreciation	(173)	(29)	77	-	-	-	(125)		
Accretion expense	(325)	(489)	(54)	(102)	(146)	(109)	(1,225)		
Termination benefits-Accretion expense	-	-	(60)	-	-	-	(60)		
Foreign exchange, interest and other	(643)	78	(11)	66	403	(176)	(283)		
Cost attributed to non-controlling interest	(1,892)	-	-	-	-	-	(1,892)		
	(3,045)	1,557	(1,035)	1,444	200	(210)	(1,089)		
Cash costs – operating mines	35,956	18,315	7,593	9,456	18,804	8,709	98,833		
Cash costs – working interests ⁽³⁾							21,126		
Total cash costs including working interests							119,959		
Attributable gold production – operating mines (000 oz)	75	29	24	25	45	15	213		
Attributable gold production – working interests (000 oz) ⁽³⁾							42		
Total attributable gold production (000 oz)							255		
Total cash costs (\$/oz)	485	631	311	378	414	583	472		

⁽¹⁾ Niobium, Exploration and development and Corporate Segments.

⁽²⁾ As per unaudited Interim Consolidated Statement of Earnings.

⁽³⁾ Working Interests relate to Tarkwa and Damang.

Second quarter ended June 30, 2007

(unaudited)	Operating Gold Mines						Other		
(in \$000's, except where noted)	Rosebel	Doyon Division	Sleeping Giant	Mupane	Sadiola	Yatela	Total	(1)	Total ⁽²⁾
Mining costs, excluding depreciation, depletion and amortization	33,824	16,884	5,886	13,137	15,076	7,778	92,585	18,323	110,908
Adjust for:									
By-product credit	(41)	(670)	(208)	(53)	(20)	(13)	(1,005)		
Stock movement	296	2,572	426	(342)	(382)	293	2,863		
Accretion expense	(38)	(384)	(857)	(731)	(43)	258	(1,795)		
Foreign exchange, interest and other	(772)	(53)	11	72	(963)	(760)	(2,465)		
Cost attributed to non-controlling interest	(1,663)	-	-	-	-	-	(1,663)		
	(2,218)	1,465	(628)	(1,054)	(1,408)	(222)	(4,065)		
Cash costs – operating mines	31,606	18,349	5,258	12,083	13,668	7,556	88,520		
Cash costs – working interests ⁽³⁾							14,942		
Total cash costs including working interests							103,462		
Attributable gold production –operating mines (000 oz)	69	34	18	24	34	33	212		
Attributable gold production – working interests (000 oz) ⁽³⁾							39		
Total attributable gold production (000 oz)							251		
Total cash costs (\$/oz)	466	533	298	499	406	227	413		

⁽¹⁾ Niobium, Exploration and development and Corporate Segments.

⁽²⁾ As per unaudited Interim Consolidated Statement of Earnings.

⁽³⁾ Working Interests relate to Tarkwa and Damang.

First half ended June 30, 2008

(unaudited)	Operating Gold Mines						Other		
(in \$000's, except where noted)	Rosebel	Doyon Division	Sleeping Giant	Mupane	Sadiola	Yatela	Total	(1)	Total ⁽²⁾
Mining costs, excluding depreciation, depletion and amortization	73,471	37,737	15,814	16,067	32,912	15,896	191,897	36,386	228,283
Adjust for:									
By-product credit	(165)	(1,577)	(642)	(96)	(77)	(21)	(2,578)		
Stock movement	3,549	1,451	(443)	1,770	(14)	117	6,430		
Stockpile movement-depreciation	(422)	(27)	113	-	-	-	(336)		
Accretion expense	(643)	(960)	49	(175)	(290)	(212)	(2,231)		
Termination benefits-Accretion expense	-	-	(60)	-	-	-	(60)		
Foreign exchange, interest and other	(1,089)	100	60	497	869	(183)	254		
Cost attributed to non-controlling interest	(3,735)	-	-	-	-	-	(3,735)		
	(2,505)	(1,013)	(923)	1,996	488	(299)	(2,256)		
Cash costs – operating mines	70,966	36,724	14,891	18,063	33,400	15,597	189,641		
Cash costs – working interests ⁽³⁾							41,348		
Total cash costs including working interests							230,989		
Attributable gold production –operating mines (000 oz)	147	58	42	45	82	32	406		
Attributable gold production – working interests (000 oz) ⁽³⁾							83		
Total attributable gold production (000 oz)							489		
Total cash costs (\$ /oz)	486	633	354	398	408	487	474		

⁽¹⁾ Niobium, Exploration and development and Corporate Segments.

⁽²⁾ As per unaudited Interim Consolidated Statement of Earnings.

⁽³⁾ Working Interests relate to Tarkwa and Damang.

First half ended June 30, 2007

(unaudited)									
(in \$000's, except where noted)	Operating Gold Mines						Other		
	Rosebel	Doyon Division	Sleeping Giant	Mupane	Sadiola	Yatela	Total	(1)	Total ⁽²⁾
Mining costs, excluding depreciation, depletion and amortization	58,577	34,179	11,928	25,433	28,520	14,384	173,021	33,461	206,482
Adjust for:									
By-product credit	(74)	(949)	(421)	(172)	(43)	(37)	(1,696)		
Stock movement	266	1,761	306	(1,425)	(1,095)	(11)	(198)		
Accretion expense	(74)	(736)	(955)	(804)	(86)	137	(2,518)		
Foreign exchange, interest and other	(1,393)	(211)	19	142	(783)	(581)	(2,807)		
Cost attributed to non-controlling interest	(2,865)	-	-	-	-	-	(2,865)		
	(4,140)	(135)	(1,051)	(2,259)	(2,007)	(492)	(10,084)		
Cash costs – operating mines	54,437	34,044	10,877	23,174	26,513	13,892	162,937		
Cash costs – working interests ⁽³⁾							31,552		
Total cash costs including working interests							194,489		
Attributable gold production –operating mines (000 oz)	115	65	35	41	65	68	389		
Attributable gold production – working interests (000 oz) ⁽³⁾							81		
Total attributable gold production (000 oz)							470		
Total cash costs (\$/oz)	482	522	314	561	407	203	414		

⁽¹⁾ Niobium, Exploration and development and Corporate Segments.

⁽²⁾ As per unaudited Interim Consolidated Statement of Earnings.

⁽³⁾ Working Interests relate to Tarkwa and Damang.

OPERATING MARGIN PER KILOGRAM OF NIOBIUM FOR THE NIOBEC MINE

The Company's MD&A refers to operating margin per kilogram of niobium for the Niobec mine, a non-GAAP performance measure, in order to provide investors with information about the measure used by management to monitor the performance of its non-gold asset, the Niobec mine. The information allows management to assess how well the Niobec mine is performing relative to the plan and to prior periods, as well as, assess the overall effectiveness and efficiency of the operations. Operating margin per kilogram of niobium is defined as revenues net of mining costs for niobium divided by the sales volume of niobium.

The following table provides a reconciliation of operating margin per kilogram of niobium for the Niobec mine to the revenue and mining costs for the Niobec mine as per the unaudited interim consolidated statement of earnings.

(unaudited) (in \$000's, except where noted)	2008		2007			
	Q2	Q1	Q4	Q3	Q2	Q1
Revenues from the Niobec mine as per segmented information (Note 14 of unaudited consolidated interim financial statements)	\$38,389	\$32,707	\$30,147	\$26,457	\$28,929	\$22,220
Mining costs per consolidated statement of earnings	\$120,199	\$108,084	\$114,179	\$105,825	\$110,908	\$95,574
Mining costs from gold mines as per cash cost reconciliation	(99,922)	(91,975)	(91,100)	(91,671)	(92,585)	(80,436)
Other mining costs	(274)	(149)	(4,361)	(1,067)	(492)	(36)
Mining costs from the Niobec mine	\$20,003	\$15,960	\$18,718	\$13,087	\$17,831	\$15,102
Operating margin	\$18,386	\$16,747	\$11,429	\$13,370	\$11,098	\$7,118
Sales volume (000 kg Nb)	1,217	1,046	1,066	938	1,259	1,074
Operating margin (\$/kg Nb)	\$15	\$16	\$11	\$14	\$9	\$7

CONSOLIDATED BALANCE SHEETS

(Unaudited, Expressed in thousands of US dollars)

	Note	As at June 30, 2008	As at December 31, 2007
ASSETS		\$	\$
Current assets:			
Cash and cash equivalents	4	139,969	113,265
Gold bullion (market value \$155,774; December 31, 2007: \$129,193)	5	65,320	53,982
Receivables and other current assets	12	65,726	77,221
Inventories	6	92,501	89,230
		363,516	333,698
Other long-term assets		119,056	88,416
Working interests		133,220	112,478
Royalty interests		32,434	34,835
Mining assets		1,000,511	1,023,961
Exploration and development		223,620	225,473
Goodwill		361,648	361,648
Other intangible assets		13,574	15,103
		2,247,579	2,195,612
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Accounts payable and accrued liabilities		129,398	127,672
Dividends payable		-	17,625
Current portion of long-term liabilities		29,270	32,430
		158,668	177,727
Long-term liabilities:			
Long-term debt	7	5,631	5,696
Future income and mining tax liability		164,950	157,956
Asset retirement obligations		74,841	77,506
Accrued benefit liability		6,437	6,360
Long-term portion of forward sales liability		-	10,472
		251,859	257,990
Non-controlling interest		10,223	8,579
Shareholders' equity:			
Common shares	8	1,655,485	1,633,119
Stock-based compensation		12,766	20,034
Warrants		24,391	24,391
Retained earnings		117,197	49,553
Accumulated other comprehensive income	9	16,990	24,219
		1,826,829	1,751,316
		2,247,579	2,195,612

Commitments and contingencies (note 11)

Subsequent event (note 15)

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

CONSOLIDATED STATEMENTS OF EARNINGS

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

	Note	Three months ended June 30,		Six months ended June 30,	
		2008	2007	2008	2007
		\$	\$	\$	\$
Revenues		225,098	167,306	433,050	313,664
Expenses:					
Mining costs, excluding depreciation, depletion and amortization	10	120,199	110,908	228,283	206,482
Depreciation, depletion and amortization		47,207	28,884	87,892	52,474
		167,406	139,792	316,175	258,956
		57,692	27,514	116,875	54,708
Earnings from working interests		9,188	6,313	20,081	12,597
		66,880	33,827	136,956	67,305
Other:					
Corporate administration		9,987	8,823	18,576	15,167
Exploration		7,991	7,988	15,960	13,992
Impairment charge		-	93,725	-	93,725
Interest expense		48	269	147	926
Foreign exchange		1,590	(106)	1,782	782
Non-hedge derivative loss (gain)	11	503	(40)	(981)	484
Other income		(8,417)	(626)	(8,344)	(1,484)
		11,702	110,033	27,140	123,592
Non-controlling interest		782	294	1,644	401
		12,484	110,327	28,784	123,993
Earnings (loss) before income and mining taxes		54,396	(76,500)	108,172	(56,688)
Income and mining taxes:					
Current taxes		15,402	9,852	31,643	17,832
Future taxes		5,723	(4,982)	8,885	(4,435)
		21,125	4,870	40,528	13,397
Net earnings (loss)		33,271	(81,370)	67,644	(70,085)
Weighted average number of common shares outstanding (in thousands)	8				
Basic		295,605	293,042	295,214	292,920
Diluted		295,772	293,042	295,433	292,920
Basic and diluted net earnings (loss) per share	8	0.11	(0.28)	0.23	(0.24)

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(Unaudited, Expressed in thousands of US dollars)

	Note	Three months ended June 30,		Six months ended June 30,	
		2008	2007	2008	2007
Net earnings (loss)		\$ 33,271	\$ (81,370)	\$ 67,644	\$ (70,085)
Other comprehensive income (loss), net of tax:					
Cumulative translation adjustment					
Unrealized gain (loss) on translating financial statements of net investment in self-sustaining foreign operations		1,229	13,468	(6,993)	15,063
Change in unrealized gains (losses) on available-for-sale financial assets					
Unrealized gains (losses) on available-for-sale financial assets		161	(2,563)	(366)	(3,806)
Income tax impact		18	153	130	280
		179	(2,410)	(236)	(3,526)
Total other comprehensive income, net of tax	9	1,408	11,058	(7,229)	11,537
Comprehensive income (loss)		34,679	(70,312)	60,415	(58,548)

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

(Unaudited, Expressed in thousands of US dollars)

	Three months ended June 30,		Six months ended June 30,	
	2008	2007	2008	2007
Retained earnings, beginning of period	\$ 83,926	\$ 120,323	\$ 49,553	\$ 109,038
Net earnings (loss)	33,271	(81,370)	67,644	(70,085)
Retained earnings, end of period	117,197	38,953	117,197	38,953

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited, Expressed in thousands of US dollars)

	Three months ended June 30,		Six months ended June 30,	
	2008	2007	2008	2007
	\$	\$	\$	\$
Operating activities:				
Net earnings (loss)	33,271	(81,370)	67,644	(70,085)
Disbursement to defined benefit plans	(19)	(2,040)	(39)	(2,071)
Disbursement to asset retirement obligations	(2,315)	131	(3,900)	(123)
Items not affecting cash:				
Earnings from working interests	(9,188)	(6,313)	(20,081)	(12,597)
Depreciation, depletion and amortization	47,207	28,884	87,892	52,474
Impairment charge	-	93,725	-	93,725
Amortization of forward sales liability	(4,428)	(9,521)	(8,771)	(18,608)
Future income and mining taxes	5,723	(4,982)	8,885	(4,435)
Stock-based compensation	460	1,217	938	1,795
Non-hedge derivative losses (gains)	503	(40)	(981)	484
Gain on sales of assets	(2,134)	-	(1,302)	(75)
Unrealized foreign exchange losses (gains)	(822)	1,216	(676)	825
Accretion expenses – asset retirement obligations	1,252	1,811	2,410	2,784
Future benefit expense	204	32	412	123
Non-controlling interest	782	294	1,644	401
Change in non-cash working capital	(25,635)	(8,981)	(16,473)	(13,903)
	44,861	14,063	117,602	30,714
Investing activities:				
Mining assets	(31,541)	(20,405)	(59,641)	(39,283)
Exploration and development	(2,402)	(8,796)	(5,339)	(14,909)
Long-term ore stockpiles	(1,967)	-	(8,448)	-
Investments	(3,335)	(3)	(5,105)	(3)
Restricted cash	-	-	(6,755)	-
Other assets	3	87	42	118
Proceeds from sale of assets	1,780	462	1,839	647
	(37,462)	(28,655)	(83,407)	(53,430)
Financing activities:				
Proceeds from loan	-	-	-	7,500
Repayment of long-term debt	(18)	(3,618)	(4,027)	(29,372)
Issue of common shares, net of issue costs	180	770	14,161	2,146
Dividends paid	-	-	(17,625)	(17,570)
	162	(2,848)	(7,491)	(37,296)
Increase (decrease) in cash and cash equivalents from continuing operations	7,561	(17,440)	26,704	(60,012)
Increase in cash and cash equivalents from discontinued operations	-	-	-	28,451
Net increase (decrease) in cash and cash equivalents	7,561	(17,440)	26,704	(31,561)
Cash and cash equivalents, beginning of period	132,408	110,204	113,265	124,325
Cash and cash equivalents, end of period	139,969	92,764	139,969	92,764
Supplemental cash flow information:				
Interest paid	32	268	96	1,015
Income and mining taxes paid	11,057	1,788	15,071	4,667

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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited. Tabular amounts in thousands of US Dollars except where otherwise indicated)

1. BASIS OF PRESENTATION:

The unaudited interim consolidated financial statements of IAMGOLD Corporation (“IAMGOLD” or “the Company”) have been prepared by management in accordance with Canadian generally accepted accounting principles (“GAAP”), except they do not contain all the disclosures as required for annual financial statements. They have been prepared following the same accounting policies and methods of computation as the annual audited consolidated financial statements for the year ended December 31, 2007, except for the changes in accounting policies mentioned in Note 2 below. The interim unaudited consolidated financial statements should be read in conjunction with the audited consolidated financial statements and the notes thereto in the Company’s annual report for the year ended December 31, 2007.

2. CHANGES IN ACCOUNTING POLICIES:

(a) Financial instruments—disclosures and presentation:

The Canadian Institute of Chartered Accountants (“CICA”) issued new accounting standards: Section 3862—Financial instruments – disclosures, and Section 3863—Financial instruments – presentation, which were effective for IAMGOLD on January 1, 2008. The new sections replace Section 3861—Financial instruments – disclosure and presentation.

Section 3862 requires the disclosure of additional qualitative and quantitative information that enables users to evaluate the significance of financial instruments for the entity’s financial position and performance and the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the balance sheet date, and how the entity manages those risks. The adoption of this new accounting standard resulted in expanded disclosures contained in Note 12.

Section 3863 establishes standards for presentation of financial instruments and non-financial derivatives and provides additional guidance for the classification of financial instruments, from the perspective of the issuer, between liabilities and equity, and the classification of related interest, dividends, losses and gains. The adoption of this new accounting standard did not have any impact on the Company’s financial statements.

(b) Capital disclosures:

On December 1, 2006, the CICA issued the new accounting standard: Section 1535—Capital disclosures, which was effective for IAMGOLD on January 1, 2008. Section 1535 specifies the disclosure of information that enables users of the Company’s financial statements to evaluate the entity’s objectives, policies and processes for managing capital such as qualitative information about its objectives, policies and processes for managing capital, summary quantitative data about what the entity manages as capital, whether the entity has complied with any capital requirements and, if it has not complied, the consequences of non-compliance. The adoption of this new accounting standard resulted in expanded information disclosed in Note 13.

(c) Inventories:

In June 2007, the CICA issued Section 3031 – Inventories which replaces Section 3030 – Inventories and establishes standards for the measurement and disclosure of inventories. This section applies to fiscal years beginning on or after January 1, 2008. The main features of the new section are:

- Measurement at the lower of cost and net realizable value;
- Cost of items that are not ordinarily interchangeable, and goods and services produced and segregated for specific projects, assigned by using a specific identification of their individual costs;
- Consistent use of either first-in first-out or weighted average cost formula to measure the cost of other inventories;
- Reversal of previous write-downs to net realizable value when there is a subsequent increase in the value of inventories.

This new section also provides for additional disclosure presented in Notes 6 and 10. The adoption of this new accounting standard resulted in a reclassification of \$1.3 million of capital spares from inventories to mining assets at January 1, 2008.

3. FUTURE ACCOUNTING POLICIES:

(a) Goodwill and intangible assets

In February 2008, the CICA replaced Section 3062 by Section 3064 – Goodwill and intangible assets and adopted relevant parts of International Financial Reporting Standard IAS 38 – Intangible Assets. This section gives the definition of goodwill and intangible assets, and instruction for recognition and measurement. This section applies to fiscal years beginning on or after October 1, 2008. The Company is assessing the impact of this new section and will adopt these standards in 2009.

(b) International Financial Reporting Standards

In January 2006, the Accounting Standards Board (“AcSB”) adopted its strategic plan, which includes the decision to move financial reporting for Canadian publicly accountable enterprises to a single set of globally accepted high-quality standards, namely, International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (IASB). In February 2008, the AcSB confirmed that IFRS must be adopted for fiscal years beginning on or after January 1, 2011.

IAMGOLD started its transition process with the development of a preliminary plan and the identification of a team and an external resource provider which will be involved in the process. This team includes people at all levels of the organization from different departments such as finance, information technology, internal control, mining operations and investor relations. A training plan has been developed and is currently in progress. The team is currently in the process of identifying the major differences between the Company’s accounting policies and IFRS and will assess the impact of the application of IFRS on the Company’s consolidated financial statements, including choices permitted under IFRS, and implementation decisions such as whether certain changes will be applied on a retrospective or a prospective basis. The impact on the Company’s business practices, information technology and data systems, and internal controls over financial reporting will also be assessed and a detailed implementation plan will be developed. The Company will follow the key events timeline proposed by the AcSB to obtain training and thorough knowledge of IFRS, finalize assessment of accounting policies with reference to IFRS and plan for convergence to be ready for the changeover planned in 2011.

4. CASH AND CASH EQUIVALENTS:

	As at June 30, 2008	As at December 31, 2007
	\$	\$
Cash	128,269	93,215
Cash equivalents:		
Short-term deposits with initial maturities of less than three months	11,700	20,050
Cash and cash equivalents	139,969	113,265

5. GOLD BULLION:

		As at June 30, 2008	As at December 31, 2007
Ounces held	(oz)	167,454	154,954
Weighted average acquisition cost	(\$/oz)	390	348
Acquisition cost	(in \$000s)	65,320	53,982
End of period spot price for gold	(\$/oz)	930	834
End of period market value	(in \$000s)	155,774	129,193

6. INVENTORIES:

	As at June 30, 2008	As at December 31, 2007
	\$	\$
Gold production inventory (Gold doré and Gold in process)	27,719	20,004
Niobium production inventory	7,200	7,644
Concentrate inventory	87	12
Ore stockpiles – current	14,862	20,640
Mine supplies	42,633	40,930
Inventories	92,501	89,230
Long-term ore stockpiles, included in other long-term assets	61,545	53,128
	154,046	142,358

The amount of inventories recognized as an expense during the period is disclosed in Note 10. During 2008, there was no write-down of inventories recognized as an expense.

7. LONG-TERM DEBT:

	As at June 30, 2008	As at December 31, 2007
	\$	\$
Credit facility ^(a)	-	4,000
Purchase price payable-Camp Caiman ^(b)	3,947	3,928
Financing agreement with Hydro-Québec ^(c)	1,142	1,174
Non-participating shares ^(d)	800	800
Other	241	327
Total	6,130	10,229
Current portion	499	4,533
Long-term portion	5,631	5,696

(a) The current portion of the non-revolving term loan of the credit facility totaling \$4,000,000 as at December 31, 2007 was repaid in March 2008. In the second quarter of 2008, the Company replaced the previous credit facility by signing a new \$140,000,000 five-year revolving credit facility which may be used for general corporate purposes including acquisitions. The new credit facility provides for an interest rate margin above LIBOR and Base rate advances which varies according to the senior debt ratio. The letter of credit and standby fees also vary according to the senior debt ratio. This credit facility is guaranteed and secured by the Company's major subsidiaries and secured by a pledge of IAMGOLD's shares in these subsidiaries.

As at June 30, 2008, the new credit facility was not drawn upon, except for \$11,387,000 in letters of credit issued to guarantee asset retirement obligations.

- (b) Liability assumed relating to the balance of the purchase price for the Camp Caiman project from Asarco Incorporated, a wholly owned subsidiary of Asarco Guyane Française S.A.R.L.
- (c) Financing relating to an agreement with Hydro-Québec for the installation of a new power line at the Niobec mine site. The annual interest rate is 6.41%.
- (d) Remaining non-participating shares redeemable, assumed following the acquisition of Cambior Inc. in November 2006.

8. 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:

	Three months ended June 30, 2008		Six months ended June 30, 2008	
	Number of shares	Amount \$	Number of shares	Amount \$
Issued and outstanding at the beginning of the period	295,544,729	1,647,837	293,763,672	1,633,119
Exercise of options ^(b)	73,600	7,679	869,546	13,802
Share bonus plan ^(c)	5,000	30	61,149	467
Issuance of flow-through shares (net of issue costs)	-	(61)	928,962	8,097
Issued and outstanding at the end of the period	295,623,329	1,655,485	295,623,329	1,655,485

(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 and four years and expire no later than ten years from the grant date. As of June 30, 2008, 12,405,701 shares remain in reserve. Options issued on the acquisition of Repadre Capital Corporation (in 2003), and Cambior Inc. (in 2006) are excluded from this reserve number.

A summary of the status of the Company's share option plan as of June 30, 2008 and changes during the second quarter and the first half of 2008 are presented below. All exercise prices are denominated in Canadian dollars. The exchange rates at June 30, 2008 and December 31, 2007 were 1.0197 and 0.9913, respectively.

	Three months ended June 30, 2008		Six months ended June 30, 2008	
	Number of options	Weighted Average Exercise Price (\$C/option)	Number of options	Weighted Average Exercise Price (\$C/option)
Outstanding at the beginning of the period	4,819,078	8.83	5,741,858	8.63
Granted	1,942,500	6.40	1,942,500	6.40
Exercised	(73,600)	3.34	(869,546)	6.92
Forfeited	(23,181)	7.16	(150,015)	9.49
Outstanding at the end of the period	6,664,797	8.18	6,664,797	8.18
Exercisable at June 30, 2008			2,953,505	8.33

The fair value of the options granted during 2008 has been estimated at the date of grant using a Black-Scholes option pricing model with the following assumptions. The expected life of these options is four years and the estimated fair value will be expensed over the options' vesting period of four years.

	2008
Risk free interest rate	3%
Volatility	37%
Dividend	1%

(c) 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 June 30, 2008, 446,707 shares remain in reserve.

	Three months ended June 30, 2008	Six months ended June 30, 2008
	Number of Shares	Number of Shares
Outstanding at the beginning of the period	86,652	137,801
Granted	5,000	10,000
Issued	(5,000)	(61,149)
Outstanding at the end of the period	86,652	86,652

(d) Deferred share plan:

Effective April 11, 2007, the Company has a deferred share plan for employees whereby a maximum of 500,000 common shares may be awarded. The Company granted 135,000 share units on May 16, 2008 and as of June 30, 2008, no shares have been issued under this plan.

	Three months ended June 30, 2008	Six months ended June 30, 2008
	Number of Shares	Number of Shares
Outstanding at the beginning of the period	-	-
Granted	135,000	135,000
Issued	-	-
Outstanding at the end of the period	135,000	135,000

(e) Stock-based compensation:

The Company expenses, over the vesting period, the fair value of all stock-based compensation granted.

	Three months ended		Six months ended	
	June 30,		June 30,	
	2008	2007	2008	2007
	\$	\$	\$	\$
Share options ^(b)	394	1,017	791	1,434
Share bonus plan ^(c)	13	200	94	361
Deferred share plan ^(d)	53	-	53	-
	460	1,217	938	1,795

(f) Warrants

On the acquisition of Cambior, 20,000,000 warrants were issued, exercisable for 8,400,000 shares at a price of C\$8.93 each. As at June 30, 2008, there were 19,991,000 warrants outstanding, exercisable for 8,396,220 shares expiring on August 12, 2008.

(g) Earnings per share:

Basic earnings per share is computed by dividing net earnings available to common shareholders by the weighted average number of common shares outstanding for the year. Diluted earnings per share are 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 (loss) per share computations:

	Three months ended		Six months ended	
	June 30,		June 30,	
	2008	2007	2008	2007
Numerator:				
Net earnings (loss) (\$000's)	33,271	(81,370)	67,644	(70,085)
Denominator:				
Weighted average common shares outstanding	295,605,443	293,041,575	295,214,117	292,920,080
Basic earnings (loss) per share	0.11	(0.28)	0.23	(0.24)

Diluted earnings (loss) per share computations:

	Three months ended June 30,		Six months ended June 30,	
	2008	2007	2008	2007
Numerator:				
Net earnings (loss) (\$000's)	33,271	(81,370)	67,644	(70,085)
Denominator:				
Weighted average common shares outstanding	295,605,443	293,041,575	295,214,117	292,920,080
Dilutive effect of employee share options	166,659	-	218,819	-
Dilutive effect of warrants	-	-	-	-
Diluted weighted average common shares outstanding	295,772,102	293,041,575	295,432,936	292,920,080
Diluted earnings (loss) per share	0.11	(0.28)	0.23	(0.24)

Equity instruments excluded from the computation of diluted earnings (loss) per share which could be dilutive in the future were as follows:

	Three months ended June 30,		Six months ended June 30,	
	2008	2007	2008	2007
(Number of options and warrants)				
Share options	6,045,382	6,798,871	6,039,609	6,798,871
Warrants	8,396,220	8,396,220	8,396,220	8,396,220
	14,441,602	15,195,091	14,435,829	15,195,091

(h) 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. In March 2008, the Company issued 928,962 flow-through shares for the Westwood project totaling C\$8,500,000 which will have to be spent in 2008.

As at June 30, 2008, the remaining commitment, with respect to unspent resource expenditures under flow-through common share agreements, was \$3,019,000.

9. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

	Cumulative translation adjustment	Unrealized gain (loss) on marketable securities	Income tax impact	Accumulated other comprehensive income (loss)
	\$	\$	\$	\$
Balance at December 31, 2007	25,047	(909)	81	24,219
Changes in the first quarter of 2008	(8,222)	(527)	112	(8,637)
Balance at March 31, 2008	16,825	(1,436)	193	15,582
Changes in the second quarter of 2008	1,229	161	18	1,408
Balance at June 30, 2008	18,054	(1,275)	211	16,990

10. MINING COSTS

Mining costs, excluding depreciation, depletion and amortization, include mine production, transport and refinery costs, royalty expenses, applicable general and administrative costs, movement in inventories and ore stockpiles, accretion expenses and ongoing environmental rehabilitation costs as well as transfers to and from deferred stripping costs and deferred development. Ongoing termination costs are included, however, employee termination costs associated with major restructuring and mine closures are excluded. These costs, analyzed by nature, consist of the following:

	Three months ended		Six months ended	
	2008	June 30, 2007	2008	June 30, 2007
	\$	\$	\$	\$
Operating mining costs	105,366	99,147	203,000	182,102
Royalties	14,883	9,765	29,054	17,750
Accretion expense	1,302	1,863	2,410	2,554
Inventories movement	(1,352)	133	(6,181)	4,076
Mining costs, excluding depreciation, depletion and amortization	120,199	110,908	228,283	206,482

11. COMMITMENT AND CONTINGENCIES:

(a) Gold sales commitments:

As of June 30, 2008, the remaining outstanding forward sales contracts of Mupane acquired as part of the acquisition of Gallery Gold Limited ("GGL") were as follows:

Year	Forward Sales (oz)	Average Forward Price (\$/oz)	Liability \$
2008	38,888	402	9,103
2009	43,888	407	10,472
Total	82,776	405	19,575

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 forward contracts, the related acquired liability is amortized and recorded into gold revenue. During the first half of 2008, the required 38,888 ounces of gold were delivered under the forward sales contracts (38,888 ounces in the first half of 2007).

	As at June 30, 2008		As at December 31, 2007	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	\$	\$	\$	\$
Normal sales contracts (Mupane)	(19,575)	(44,061)	(28,346)	(53,720)

(b) Non-hedge derivative loss (gain):

	Three months ended June 30,		Six months ended June 30,	
	2008	2007	2008	2007
	\$	\$	\$	\$
Change in the fair value of the non-hedge derivative instruments	-	(312)	-	972
Loss (gain) resulting from the change in fair value of embedded and gold receivable	404	272	(1,275)	(488)
Unrealized loss from the change in fair values of warrants included in marketable securities	99	-	294	-
Non-hedge derivative loss (gain)	503	(40)	(981)	484

(c) Claims:

In October 2007 an audit claim for the years 2005 and 2006 was received from the Department of Taxation in Mali for the Sadiola and Yatela mines. The Company has recorded a provision regarding the audit claim but has not recorded a provision for potential claims for differences arising from these claims.

The Company believes that the carrying amount of items owing from the Government of Mali related to VAT and fuel tax receivable are recoverable and no additional provisions are considered necessary.

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 unfavorable decisions in any pending procedures or threat of procedures related to any future assessment or any amount it might be required to pay will entail a material adverse effect on the Company's financial condition.

No amounts have been accrued in the financial statements.

(d) Agreement to sell the Sleeping Giant Mine:

On October 9, 2007, IAMGOLD announced that an option agreement has been signed with Cadiscor Resources Inc. ("Cadiscor") granting them the right to purchase the Sleeping Giant mine after the completion of mining and processing for total consideration of up to C\$7,000,000. As part of the agreement with Cadiscor, IAMGOLD will continue to mine and process reserves at Sleeping Giant until the end of its current reserve life, currently planned

in the fourth quarter of 2008, at which time, Cadiscor will purchase the property and all the related infrastructure assets.

(e) Camp Caiman Project

Camp Caiman is a development project, located about 45 kilometers southeast of Cayenne, the capital city of French Guiana. Following the French Government's denial of the permit for the construction of Camp Caiman and the declaration of the need to review the existing code for mine development, the Company has developed a conceptual plan, the Project Harmonie, as an alternate approach to developing the existing deposit in French Guiana. The Company approached the French Government at a number of levels, and other stakeholders including various environmental groups to ensure the conceptual plan is understood. The Company will be working in cooperation with the French mining and environmental administration to ensure that the new framework provides a basis for the highest standards for responsible mining that is economically viable. The first draft of the mining framework is due to be completed in September 2008. A decision to submit a formal application for a mining permit for Project Harmonie is expected by the end of December 2008. The Company cannot predict with certainty whether Project Harmonie would be feasible under the terms of the new mining framework or whether a formal application for a mining permit would be granted. If the project is not feasible or an application for a mining permit is not successful, the only recourse for recovering the value of Camp Caiman project would be a claim for compensation. In order to protect the Company's rights and interests regarding the denial of the Camp Caiman project, the appropriate legal claims have been filed. The Company remains committed to the French Guiana region and seeks to make a valuable contribution to the economic development of French Guiana.

If the Company is unable to reach an agreement on an acceptable project development plan, there may be an adverse impact on existing rights and interests, the impact of which is difficult to assess at this time. Based on information currently available, the Company believes there is insufficient evidence to indicate an impairment exists. The Company will continue to monitor the situation.

(f) Quimsacocha Project in Ecuador

In Ecuador, a mandate passed by the Constituent Assembly in April 2008 resulted in a moratorium on mining activities in the country for 180 days pending the completion of new mining legislation. In the second quarter of 2008, the Government of Ecuador has advanced the process of revising the Mining Code of Ecuador by conducting an extensive review of the policy recommendations made by the Constitutional assembly and through dialogue with international mining experts. A mining committee consisting of senior officials of the Mining Ministry and representatives of the large mining companies active in Ecuador, including IAMGOLD, has conducted regular and constructive discussions regarding technical, fiscal and environmental aspects of the new Mining Code. On June 27, 2008, the Minister of Mines submitted a draft Mining Code to the President for his review. The President has, throughout this period, consistently maintained his commitment to develop a Mining policy that allows for and promotes responsible large scale mining that provides an equitable sharing of benefits between all stakeholders. The President has indicated his intention to publish a draft Mining Code and conclude the Constitutional assembly process before the end of August. While the legislative review proceeded, the Company continued with the work of completing a prefeasibility study for the Quimsacocha project. The Company will continue to work to complete the feasibility study and both the environmental and social impact assessments. The Company looks forward to resuming exploration drilling on new targets within the concessions following the approval of the new Mining Code when drilling permits become available. The Government of Ecuador has not officially set a specific timetable for the final approval of the Mining Code.

If the Company is unable to reach an agreement on an acceptable project development plan, there may be an adverse impact on existing rights and interests, the impact of which is difficult to assess at this time. Based on information currently available, the Company believes there is insufficient evidence to indicate an impairment exists. The Company will continue to monitor the situation.

(g) La Arena

In May 2008, IAMGOLD announced that it has entered into an agreement with Rio Alto Mining Limited (“Rio Alto”) for the sale of its Peruvian development gold-copper La Arena project, for a consideration of \$47.6 million in cash and a 5.5% interest in Rio Alto. Rio Alto is required to obtain funding to complete the transaction. In light of information from Rio Alto’s financial advisors on raising funds for the transaction, IAMGOLD and Rio Alto are considering different financial structures to conclude the transaction for the same aggregate consideration.

12. FINANCIAL INSTRUMENTS

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

	As at June 30, 2008		As at December 31, 2007	
	Carrying value	Fair value	Carrying value	Fair value
	\$	\$	\$	\$
Financial Assets				
Cash and cash equivalents ⁽¹⁾	139,969	139,669	113,265	113,265
Restricted cash ⁽¹⁾	8,297	8,297	1,790	1,790
Receivables excluding gold receivable ⁽²⁾	59,942	59,942	61,773	61,773
Marketable securities ⁽³⁾	13,680	13,680	2,974	2,974
Gold receivable ⁽⁴⁾	5,784	5,773	15,448	15,404
Financial Liabilities				
Accounts payable and accrued liabilities ⁽²⁾	129,398	129,398	127,672	127,672
Long-term debt ⁽⁵⁾	6,130	6,130	10,229	10,229
Gold forwards (Note 11) ⁽⁶⁾	19,575	44,061	28,346	53,720

(1) Cash and cash equivalents, and restricted cash are designated as held-for-trading and are recorded at market value, which approximated fair value due to the short maturity period. The related interest income totaled \$527,000 during the second quarter of 2008 compared to \$797,000 during the second quarter of 2007 (\$1,100,000 during the first half of 2008 compared to \$1,567,000 during the first half of 2007).

(2) Receivables excluding the gold receivable, and accounts payable and accrued liabilities are recorded at amortized cost. The fair value is equivalent to the carrying amount given the short maturity period. Interest income and expense are recorded in the statement of earnings and do not represent important amounts.

(3) Marketable securities, excluding warrants included therein, are classified as available-for-sale and are recorded at fair value. The unrealized gain or loss related to changes in market value, based on the last quoted market price, is accounted for in other comprehensive income (OCI) until the marketable securities are either sold or permanently impaired. When marketable securities are sold or permanently impaired, the accumulated unrealized gain or loss recorded within OCI is recycled and the gain or loss on disposal is recorded in the

consolidated statement of earnings. During the first half of 2008, there have been no disposals or permanent impairments of marketable securities. During the second quarter of 2008, an unrealized gain of \$161,000 was recorded in OCI (unrealized loss of \$366,000 during the first half of 2008). The cumulative amount totaled \$1,275,000.

The Company also has share purchase warrants which are included in marketable securities (included in long-term assets) for financial statement purposes. These warrants are considered held-for-trading and are measured at fair value using the Black-Scholes pricing model. The unrealized gain or loss related to changes in fair value is reported under "non-hedge derivative gain or loss" in the consolidated statement of earnings. An unrealized loss of \$99,000 was recorded during the second quarter of 2008 (unrealized loss of \$294,000 during the first half of 2008).

- (4) The gold receivable is accounted for as an interest bearing receivable with interest recorded in investment income in the consolidated statement of earnings, which totaled \$159,000 during the second quarter of 2008 compared to \$317,000 during the second quarter of 2007 (\$399,000 during the first half of 2008 compared to \$625,000 during the first half of 2007). The embedded derivative is marked-to-market based on the change in gold price between the inception date of the contract and the end of the period with the change charged to earnings under "non-hedge derivative gain or loss" which resulted in a loss of \$404,000 during the second quarter of 2008 compared to \$272,000 during the second quarter of 2007 (gain of \$1,275,000 during the first half of 2008 compared to \$488,000 during the first half of 2007).
- (5) The long-term debt is recorded at amortized cost. Since most of the long-term debt is variable rate debt, the fair value of the Company's long-term debt is equivalent to the carrying amount. Fair value is estimated using discounted cash flow analysis based on the Company's current borrowing rate for similar borrowing arrangements. Interest is either expensed or capitalized according to the project the debt is related to (Note 7).
- (6) The gold forward contracts related to the Mupane mine are considered normal purchase and sales contracts. They were recorded at fair value on the date of acquisition of Gallery Gold Limited (GGL). On delivery of gold into the forward contracts, the related liability is amortized and recorded in gold revenue. The Company obtains a valuation for the fair value of the gold forward contracts from counterparties of its portfolio of gold forward contracts. This valuation is based on forward rates considering the market price, rate of interest, gold lease rate and volatility.

Risks:

The Company is exposed to various credit, market and liquidity risks associated with its financial instruments, and manages those risks as follows:

Credit risk:

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk is associated with cash and cash equivalents, restricted cash, receivables and the gold receivable. The credit risk is limited to the carrying amount of these items on the balance sheet.

The Company holds cash and cash equivalents, and restricted cash in highly credit rated financial institutions and does not hold any asset-backed commercial paper.

Receivables and other current assets are summarized as follows:

	As at June 30, 2008	As at December 31, 2007
	\$	\$
Gold trade receivable	7,389	14,708
Settlement receivables from sales of niobium	16,841	10,189
Receivables from government related to taxes, mineral rights and exploration tax credit	23,312	22,135
Gold receivable	5,784	15,448
Royalty receivable	1,878	3,837
Other receivable and prepaid expenses	10,522	10,904
	65,726	77,221

The credit risk related to gold trade receivable is considered low as the gold is sold to major banks which are considered credit worthy. The gold trade receivables are usually settled in the following month, thus further reducing the potential for credit risk.

The credit risk on settlement receivables from sales of niobium is related to the possibility that buyers of niobium may have difficulties in meeting their obligations and thus impacting the Company's ability to collect amounts outstanding. Settlement receivables from sales of niobium were mainly outstanding for less than 30 days in a proportion of 79%. In order to minimize such risks related to receivables from sales of niobium, analyses of credit exposures and credit limits are performed for each client on a regular basis. Clients are located in different geographic locations such as United States, Europe, China, Japan, Saudi Arabia, Korea, and Australia. The Company does not hold any security nor any other credit enhancements in relation to these receivables. As at June 30, 2008, there were no impaired settlement receivables and there was no amount that would otherwise be past due or impaired whose terms have been renegotiated.

The credit risk related to receivables from government related to taxes, mineral rights and exploration tax credit, included in receivables, is dependent on the completion of certain government audits. To the extent that the Company is subject to additional claims based on these, the full balance recorded may not be ultimately realized. Management currently does not expect the amount to be ultimately realized to be materially different from that currently recorded.

The gold receivable is also subject to credit risk related to the possibility of a failure of the counterparty to deliver gold as per the agreement. As security on the future gold deliveries, the counterparty pledged all of the shares of the acquired company and granted first rank security interests in all moveables and immoveables of the acquired company. As at June 30, 2008, 6,250 ounces of gold were outstanding and are expected to be received in September 2008. There is no amount that would otherwise be past due or impaired whose terms have been renegotiated. As at June 30, 2008, there was no impairment of the gold receivable.

Market risk:

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Currency risk:

Metal sales are mainly transacted in US dollars. Movement of the Canadian dollar against the US dollar has a direct impact on the Company's Canadian operations and corporate office cost base. Other international operations have exposure to other currencies but a significant portion of each international operation's cost base is denominated in US dollars. To the extent that this proportion changes, and to mitigate such risks, the Company may enter into foreign exchange

contracts to fix the exchange rate. As at June 30, 2008, no foreign exchange contracts were entered into or were outstanding.

The impact of changes of the other currencies compared to US dollar, associated with financial instruments, would mainly be related to accounts in the Company's Canadian operations, which functional currency is the Canadian dollar, such as cash and cash equivalents, receivables, marketable securities, and accounts payable. The revaluation of foreign denominated balances to Euro or Canadian dollar is accounted for in the statement of earnings and presents increased risk as the Euro and Canadian dollar, and other currency rates fluctuate in relation to the US dollar. As the Canadian mines are considered self-sustaining foreign operations, the foreign exchange impact of translating their financial statement balances to US dollars is accounted for in accumulated other comprehensive income, as a cumulative translation adjustment, which shelters the operations from having this impact the consolidated statement of earnings.

As at June 30, 2008, with other variables unchanged, a \$0.01 change of the Canadian dollar against the US dollar would have no significant effect on net earnings and in other comprehensive income resulting from the use of financial instruments.

Interest rate risk:

The Company is exposed to interest rate risk on its cash and cash equivalents and outstanding long-term debt. Interest on cash and cash equivalents is based on market interest rates. The new credit facility provides for an interest rate margin above LIBOR and Base rate advances which varies according to the senior debt ratio. The letter of credit and standby fees also vary according to the senior debt ratio. A change in the long-term debt interest rates would have an impact on net earnings and/or capitalized costs according to the project the debt is related to. The Company does not take any particular measures to protect itself against fluctuations in interest rates. Other long-term debts are subject to interest rates which are closed to the market interest rates.

If interest rates at June 30, 2008 had been 10 basis points lower or higher with all other variables held constant, the impact on after-tax net earnings would not have been material for the second quarter of 2008. To the extent that the new credit facility is utilized, future sensitivities may be material.

Share market price risk:

Exposure to market risk is also related to the fluctuation in the market price of marketable securities. IAMGOLD held ownership to these marketable securities following the settlement of specific transactions (e.g. disposal of a project in exchange of the counterparty's capital share) or as a strategic investment. These investments relate to mining companies which are part of a volatile market. The Company reviews the value of marketable securities for impairment based on both quantitative and qualitative criteria.

At June 30, 2008, following a change of 2% in the market value of marketable securities and warrants, with all other variables held constant, the unrealized loss related to changes in market value, net of income taxes, included in other comprehensive income would have been impacted by \$230,000, and net earnings by \$2,000.

Gold market price risk:

Gold receivable:

Exposure of the gold receivable to market risk is related to fluctuations in the price of gold. The carrying value of the gold receivable including embedded derivatives, based on the closing price of gold of \$930 per ounce at the end of June 2008, was \$5,784,000 and the fair value was \$5,773,000, respectively. A change in the gold price of \$100 per ounce, with all other variables held constant, would have impacted net earnings by \$625,000.

Gold forward contracts:

The Company usually does not take any particular measures to protect itself against fluctuations in the commodities market. However, following the acquisition of GGL (Mupane), the Company assumed existing gold forward commitments. The Mupane forward sales contracts are accounted for as normal purchase and sales contracts whereby deliveries are recorded at their respective forward prices. The market risk related to the fluctuation in the price of gold has an impact on the fair value of the gold forward contracts.

As at June 30, 2008, the valuation of the gold forward contracts was based on a gold price of \$930 per ounce, and following the assumption of an increase and a decrease of \$100 per ounce, would have been as follows:

	June 30, 2008 \$930/oz		Increase of \$100/oz at \$1,030/oz	Decrease of \$100/oz at \$830/oz
	Carrying value	Fair value	Carrying value	Fair value
	\$	\$	\$	\$
Gold forward sales	(19,575)	(44,061)	(19,575)	(35,795)

Liquidity risk:

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

As at June 30, 2008, the Company's cash and cash equivalents, and bullion position totaled \$295,743,000, with bullion valued at the period end market price, coupled with the new credit facility following the agreement signed with a bank syndicate in the second quarter of 2008, provide the Company with access to a high level of additional liquidity and capital resources. Liquidity risk of the Company not meeting its current obligations is low. Refer to Note 13, Capital disclosures, describing the Company's objectives when managing capital and related risks.

The Company has a treasury policy to assist in managing the liquidity risk which requires:

- Investment only in liquid instruments by preserving capital, maintaining required liquidity, and realizing a competitive rate of return while considering an appropriate and tolerable level of risk.
- Investment in gold bullion until a combination of factors indicates that a sale or use of gold bullion is strategically advantageous for the Company, or as part of the overall treasury management.
- Monitoring cash balances within each operating entity.
- Perform cash flow forecasting short to medium term, as well as medium and long-term forecasting incorporating relevant budget information.
- Consider the need for expanding treasury activity if and when appropriate (including but not limited to hedging and derivatives).
- Establish limits for significant investees and/or counterparties (e.g. for cash investments) and review limits periodically.

In the second quarter of 2008, the Company announced that it had obtained a \$140,000,000 five-year revolving credit facility which may be used for general corporate purposes including acquisitions (Note 7). As at June 30, 2008, the Company had letters of credit under the new credit facility totaling \$11,387,000 issued to guarantee asset retirement obligations.

At June 30, 2008, the carrying value of interest bearing long-term debt was \$6,130,000. The maturity of long-term debt including interests was as follows:

	\$
2008	573
2009	866
2010	4,630
2011	390
2012	28
2013	21
Total	6,508

Liquidity risk is also related to the Company's ability to produce and sell gold to respond to its gold forward commitments assumed following the acquisition of GGL in 2006. Should the mine not be able to produce enough gold, the Company would have to buy gold on the market to meet its gold forward commitments. Operational risks such as mineral reserves and extraction, safety and other hazards, energy, labor and strikes, communities, environmental hazard, political risk, and legislation may have an impact on the possibility to produce and deliver gold into the contracts. The Company determined that it has the ability to deliver into the forward contracts based on budgeted production and its intentions are to deliver according to the committed forward contracts. The maturity analysis is presented in Note 11(a).

13. CAPITAL DISCLOSURES:

IAMGOLD's objectives when managing capital are:

- to ensure the Company has sufficient financial capacity to support its operations, current mine development plans and the long-term growth strategy,
- to provide a superior return to shareholders and benefits for other stakeholders, and
- to protect shareholder value while appropriately balancing activity within treasury conditions (both risks and opportunities) and identify exposure with respect to markets and risk fluctuations.

The capital of the Company consists of the items included in shareholders' equity and long-term debt, net of cash and cash equivalents.

	As at June 30, 2008	As at December 31, 2007
	\$	\$
Cash and cash equivalents	139,969	113,265
Long-term debt	6,130	10,229
Common shares	1,655,485	1,633,119

The Company's capital structure reflects the requirements of a company focused on significant growth in a capital intensive industry that experiences lengthy development lead times as well as risks associated with capital costs and timing of project completion due to factors that are beyond the Company's control, including the availability of resources, the issuance of necessary permits, costs of various inputs and the volatility of the gold price.

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

The Company complied with the credit facility covenants. There were no changes in the Company's approach to capital management during the quarter.

During the first quarter of 2008, the Company adjusted its capital structure by issuing flow-through shares for C\$8,500,000 to finance exploration and development expenditures at the Westwood project. These proceeds are to be spent in fiscal year 2008 in accordance with the applicable Canadian Income Tax Legislation. During the second quarter of 2008, the Company issued shares following the exercise of options.

In addition, during the second quarter of 2008, the Company replaced the previous credit facility by signing a new \$140,000,000 five-year revolving credit facility which will provide additional flexibility in meeting its goals. This new credit facility is guaranteed and secured by the Company's major subsidiaries and secured by a pledge of IAMGOLD's shares in these subsidiaries. This new credit facility is in line with the Company's objectives in managing capital.

14. SEGMENTED INFORMATION:

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

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

The Company's segments also include Non-gold activities (Niobec mine located in Canada), Exploration and development, and Corporate which also includes royalty interests located in Canada.

During the second quarter of 2008, the Company reclassified royalty interests from non-gold activities to Corporate to better align its reporting segments.

Comparative figures have been reclassified to conform to the revised segments.

Second quarter ended June 30, 2008

(in \$000's)	Gold Mines					Total
	Suriname	Canada	Botswana	Mali	Ghana	
Revenues	69,680	46,264	14,958	53,925	-	184,827
Depreciation, depletion and amortization	9,927	17,293	4,438	6,439	-	38,097
Earnings from working interests	-	-	-	-	9,188	9,188
Exploration expense	1,383	1,592	8	496	-	3,479
Other income	4,420	50	-	-	-	4,470
Income and mining taxes (recovery)	9,641	(457)	-	7,297	-	16,481
Net earnings	13,365	2,527	2,658	11,689	9,188	39,427
Expenditure for mining assets and capitalized exploration and development	19,253	4,173	1,202	1,912	-	26,540

Second quarter ended June 30, 2008

	Total Gold Mines	Niobium	Exploration and Development	Corporate	Total
	Revenues	184,827	38,389	-	1,882
Depreciation, depletion and amortization	38,097	7,387	387	1,336	47,207
Earnings from working interests	9,188	-	-	-	9,188
Exploration expenses	3,479	-	4,450	62	7,991
Interest expense	-	-	6	42	48
Other income	4,470	-	40	3,907	8,417
Income and mining taxes (recovery)	16,481	2,162	(225)	2,707	21,125
Net earnings (loss)	39,427	8,888	(6,596)	(8,448)	33,271
Expenditure for mining assets and capitalized exploration and development	26,540	5,001	2,402	-	33,943

Second quarter ended June 30, 2007

(in \$000's)	Gold Mines					Total
	Suriname	Canada	Botswana	Mali	Ghana	
Revenues	46,987	30,518	14,287	44,616	-	136,408
Depreciation, depletion and amortization	7,597	5,335	7,207	2,879	-	23,018
Earnings from working interests	-	-	-	-	6,313	6,313
Exploration expense	735	256	281	71	-	1,343
Impairment charge	-	-	93,725	-	-	93,725
Income and mining taxes (recovery)	1,999	(767)	-	8,184	-	9,416
Net earnings (loss)	2,537	2,924	(100,062)	10,627	6,313	(77,661)
Expenditure for mining assets and capitalized exploration and development	5,684	4,223	(374)	5,169	-	14,702

Second quarter ended June 30, 2007

	Total Gold Mines	Niobium	Exploration and Development	Corporate	Total
	Revenues	136,408	28,929	-	1,969
Depreciation, depletion and amortization	23,018	4,779	-	1,087	28,884
Earnings from working interests	6,313	-	-	-	6,313
Exploration expenses	1,343	-	5,465	1,180	7,988
Impairment charge	93,725	-	-	-	93,725
Interest expense	-	18	-	251	269
Other income	-	-	3	623	626
Income and mining taxes (recovery)	9,416	699	(569)	(4,676)	4,870
Net earnings (loss)	(77,661)	5,602	(4,106)	(5,205)	(81,370)
Expenditure for mining assets and capitalized exploration and development	14,702	5,703	8,796	-	29,201

First half ended June 30, 2008

(in \$000's)	Gold Mines					Total
	Suriname	Canada	Botswana	Mali	Ghana	
Revenues	134,706	92,177	27,163	103,679	-	357,725
Depreciation, depletion and amortization	19,407	31,146	7,895	12,024	-	70,472
Earnings from working interests	-	-	-	-	20,081	20,081
Exploration expense	2,248	3,119	13	1,139	-	6,519
Other income	4,420	50	-	-	-	4,470
Income and mining taxes (recovery)	17,380	(979)	-	15,393	-	31,794
Net earnings	24,976	5,455	3,348	25,692	20,081	79,552
Expenditure for mining assets and capitalized exploration and development	37,397	7,263	1,305	5,356	-	51,321
At June 30, 2008:						
Working interest, royalty interest, mining assets, exploration and development and other intangible assets	383,203	201,184	34,970	60,995	132,559	812,911
Total assets	572,025	331,136	61,341	190,131	191,718	1,346,351

First half ended June 30, 2008

	Total Gold Mines	Niobium	Exploration and Development	Corporate	Total
Revenues	357,725	71,096	-	4,229	433,050
Depreciation, depletion and amortization	70,472	14,199	450	2,771	87,892
Earnings from working interests	20,081	-	-	-	20,081
Exploration expenses	6,519	-	8,710	731	15,960
Interest expense	-	-	6	141	147
Other income (expense)	4,470	-	(1,096)	4,970	8,344
Income and mining taxes (recovery)	31,794	2,134	(805)	7,405	40,528
Net earnings (loss)	79,552	18,905	(10,848)	(19,965)	67,644
Expenditure for mining assets and capitalized exploration and development	51,321	8,320	5,339	-	64,980
At June 30, 2008:					
Working interests, royalty interest, mining assets, exploration and development, and other intangible assets	812,911	329,535	223,620	37,293	1,403,359
Total assets	1,346,351	362,251	291,449	247,528	2,247,579

First half ended June 30, 2007

(in \$000's)	Gold Mines					Total
	Suriname	Canada	Botswana	Mali	Ghana	
Revenues	78,256	63,898	26,064	90,171	-	258,389
Depreciation, depletion and amortization	13,004	9,717	12,259	5,613	-	40,593
Earnings from working interests	-	-	-	-	12,597	12,597
Exploration expense	1,093	424	440	71	-	2,028
Impairment charge	-	-	93,725	-	-	93,725
Income and mining taxes (recovery)	993	(403)	-	15,541	-	16,131
Net earnings (loss)	4,187	8,051	(105,792)	26,041	12,597	(54,916)
Expenditure for mining assets and capitalized exploration and development	10,190	10,199	573	10,170	-	31,132

First half ended June 30, 2007

	Total Gold Mines	Niobium	Exploration and Development	Corporate	Total
Revenues	258,389	51,149	-	4,126	313,664
Depreciation, depletion and amortization	40,593	9,476	-	2,405	52,474
Earnings from working interests	12,597	-	-	-	12,597
Exploration expenses	2,028	-	8,717	3,247	13,992
Impairment charge	93,725	-	-	-	93,725
Interest expense	-	37	-	889	926
Other income	-	-	8	1,476	1,484
Income and mining taxes (recovery)	16,131	1,237	(687)	(3,284)	13,397
Net earnings (loss)	(54,916)	7,451	(7,974)	(14,646)	(70,085)
Expenditure for mining assets and capitalized exploration and development	31,132	8,151	14,909	-	54,192

As at December 31, 2007

(in \$000's)	Gold Mines					Total
	Suriname	Canada	Botswana	Mali	Ghana	
Working interests, royalty interest, mining assets, exploration and development and other intangible assets	360,189	217,316	41,424	65,737	112,478	797,144
Total assets	553,506	346,814	64,836	175,789	171,638	1,312,583

As at December 31, 2007

	Total Gold Mines	Niobium	Exploration and Development	Corporate	Total
Working interests, royalty interest, mining assets, exploration and development and other intangible assets	797,144	338,911	225,473	50,322	1,411,850
Total assets	1,312,583	363,183	303,032	216,814	2,195,612

15. SUBSEQUENT EVENT:

Royalty – Doyon/Westwood:

In July 2008, the Company acquired the participation royalty for the Doyon/Westwood property from Barrick Gold Corporation for cash consideration of \$13,000,000.

16. COMPARATIVE FIGURES:

Certain figures for the previous periods have been reclassified to conform to the current period's financial statement presentation.



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