



2012 Q2 REPORT

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS SECOND QUARTER ENDED JUNE 30, 2012

The following Management's Discussion and Analysis ("MD&A"), dated August 13, 2012, should be read in conjunction with IAMGOLD's consolidated interim unaudited financial statements and related notes and IAMGOLD's annual consolidated financial statements for December 31, 2011 and related notes thereto which appear elsewhere in this report. All figures in this MD&A are in U.S. dollars, unless stated otherwise. Additional information on IAMGOLD Corporation can be found at www.sedar.com or www.sec.gov. IAMGOLD's securities trade on the Toronto and New York stock exchanges.

CAUTIONARY STATEMENT ON FORWARD-LOOKING INFORMATION

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

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

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

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ABOUT IAMGOLD

IAMGOLD Corporation (“IAMGOLD,” “IMG,” or the “Company”) is a leading mid-tier gold mining company producing approximately one million ounces annually from five gold mines (including current joint ventures) on three continents. In the Canadian province of Québec, the Company also operates Niobec Inc., which produces more than 4.5 million kilograms of niobium annually, and owns a rare earth element resource close to its niobium mine. IAMGOLD is uniquely positioned with a strong financial position and extensive management and operational expertise. To grow from this strong base, IAMGOLD has a pipeline of development and exploration projects and continues to assess accretive acquisition opportunities. IAMGOLD’s growth plans are strategically focused in certain regions in Canada, select countries in South America and Africa.

With respect to corporate social responsibility, IAMGOLD’s commitment is to Zero Harm, in every aspect of its business. IAMGOLD is one of only eight mining companies on the JSI index² which is modeled on the S&P/TSX 60.

IAMGOLD is listed on the Toronto Stock Exchange (“IMG”) and the New York Stock Exchange (“IAG”).

SECOND QUARTER HIGHLIGHTS

FINANCIAL

- Revenues for the second quarter 2012 were \$410.6 million, up \$64.9 million or 19% from the same prior year period. The increase in revenues was mainly related to higher gold sales volume (\$49.5 million), higher realized gold price (\$17.7 million) and higher niobium revenues (\$0.3 million).
- Mining costs for the second quarter 2012 were \$250.1 million, up \$50.1 million or 25% from the same prior year period. The increase in mining costs was mainly related to higher operating costs (\$11.1 million) from a 16,000 ounce increase in production, higher royalties (\$1.5 million), inventory movements mostly from sales exceeding production (\$21.0 million), higher depreciation, depletion and amortization (\$12.9 million) and the adverse impact of a lower real discount rate in the calculation of asset retirement obligations at closed sites (\$3.6 million).
- Adjusted net earnings¹ for the second quarter 2012 were \$74.0 million (\$0.20 per share¹), up \$6.3 million (\$0.02 per share) or 9% from the same prior year period.

¹ The Company has included adjusted net earnings and adjusted net earnings per share which are non-GAAP measures. Refer to the Supplemental Information attached to the MD&A for reconciliation to GAAP measures.

² The Jantzi Social Index (“JSI”). The JSI, a socially screened market capitalization-weighted common stock index modeled on the S&P/TSX 60 consists of 60 Canadian companies that pass a set of broadly based environmental, social and governance rating criteria.

- Net earnings from continuing operations attributable to equity holders for the second quarter 2012 were \$52.9 million or \$0.14 per share, down \$21.6 million or 29% from the same prior year period. The decrease in net earnings from continuing operations attributable to equity holders was related to impairment of marketable securities (\$14.9 million), realized and unrealized derivative losses (\$7.9 million), lower foreign exchange gains (\$4.4 million), higher exploration costs (\$5.1 million), higher general and administrative expenses (\$2.9 million), higher income and mining taxes (\$1.7 million), partially offset by the net effect of changes in revenues and mining costs discussed above which positively impacted net earnings (\$14.8 million) and other movements (\$0.5 million).
- Cash, cash equivalents and gold bullion (at market value) was \$614.9 million at June 30, 2012, down \$642.2 million since March 31, 2012 mainly due to the acquisition of Trelawney Mining and Exploration Inc. (\$480.4 million) and capital expenditures related to mining assets and exploration and evaluation assets (\$171.8 million).
- Operating cash flow before changes in working capital² for the second quarter 2012 was \$72.4 million (\$0.19 per share²), down \$4.0 million (\$0.01 per share) or 5% from the same prior year period.
- Operating cash flow for the second quarter 2012 was \$52.7 million, up \$40.5 million or 332% from the same prior year period. The increase in operating cash flow is attributed to better non-cash working capital management (\$44.5 million), changes in revenues and mining costs excluding depreciation discussed above (\$27.7 million), partially offset by higher income and mining taxes paid (\$31.0 million) and other items (\$0.7 million).

OPERATIONS

- From a Health and Safety perspective, the frequency of all types of serious injuries (measured as DART rate¹) across IAMGOLD for the current year to date was 1.04 compared to 1.12 for the full year 2011, representing a 7% improvement.
- Attributable gold production from continuing operations for the second quarter 2012 was 204,000 ounces, up 16,000 ounces or 9% from the same prior year period. The increase in attributable gold production was mainly due to higher production at Essakane which was primarily the result of having effectively addressed the technical issues that limited production in 2011. In addition, Rosebel experienced higher throughput and recoveries which resulted in increased production. These increases were partially offset by lower production at the Sadiola joint venture driven by lower throughput and lower recoveries from processing graphitic ore.
- Cash costs² for the second quarter 2012 were \$737 per ounce, up \$40 per ounce or 6% from the same prior year period. The increase in cash costs mainly related to higher operating costs at the Sadiola and Yatela joint ventures due to the expected high strip ratios and lower grades resulting in higher costs per ounce of production.

NIOBIMUM OPERATIONS

- Niobium production for the second quarter 2012 was 1.2 million kilograms, up 0.1 million kilograms or 9% from the same prior year period. The increase in niobium production was a result of higher conversion of niobium pentoxide and higher recoveries, offset to some extent by lower grades mined. The operating margin per kilogram of niobium² for the second quarter 2012 was \$15 per kilogram, up \$1 per kilogram or 7% from the same prior year period as a result of a higher realized niobium price.

CORPORATE DEVELOPMENTS

- On June 21, 2012, the Company completed the acquisition of all of the issued and outstanding common shares of Trelawney through a plan of arrangement (the "Transaction"). Under the terms of the Transaction, former shareholders of Trelawney received C\$3.30 in cash for each common share of Trelawney held. The main asset acquired in this transaction is the Côté Gold project located adjacent to the Swayze Greenstone Belt in Northern Ontario, Canada.
- On June 20, 2012, the Company entered into a definitive arrangement with INV Metals Inc. ("INV") whereby the Company will receive 150 million shares (40% - 45% interest) of INV as consideration for the sale of the Quimsacocha development property in Ecuador. The acquisition is subject to INV raising C\$20 million in financing which brings the total value of the deal to approximately C\$30 million. The closing of the transaction is subject to certain conditions on the part of the purchaser, including INV shareholder approval, government consent and financing by INV.

¹ The DART rate refers to the number of days away, restricted duty or job transfer incidents that occur per 100 employees.

² The Company has included operating cash flow before changes in working capital, operating cash flow before changes in working capital per share, total cash cost per ounce and operating margin per kilogram of niobium sold which are non-GAAP measures. Refer to the Supplemental Information attached to the MD&A for reconciliation to GAAP measures.

Summary of Financial and Operating Results	Three months ended June 30,			Six months ended June 30,		
	2012	Change	2011	2012	Change	2011
(\$ millions, except where noted)						
Financial Data						
Revenues	\$ 410.6	19%	\$ 345.7	\$ 814.8	7%	\$ 759.7
Mining costs including depreciation, depletion and amortization	\$ 250.1	25%	\$ 200.0	\$ 465.7	14%	\$ 409.5
Gross earnings from mining operations	\$ 160.5	10%	\$ 145.7	\$ 349.1	-	\$ 350.2
Net earnings attributable to equity holders of IAMGOLD ¹	\$ 52.9	(29%)	\$ 74.5	\$ 172.1	(17%)	\$ 207.7
Basic net earnings per share (\$/share) ¹	\$ 0.14	(30%)	\$ 0.20	\$ 0.46	(18%)	\$ 0.56
Adjusted net earnings attributable to equity holders of IAMGOLD ^{1,2}	\$ 74.0	9%	\$ 67.7	\$ 166.4	(10%)	\$ 185.5
Basic adjusted net earnings per share (\$/share) ^{1,2}	\$ 0.20	11%	\$ 0.18	\$ 0.44	(12%)	\$ 0.50
Operating cash flow ¹	\$ 52.7	332%	\$ 12.2	\$ 223.0	6%	\$ 211.2
Operating cash flow (\$/share) ¹	\$ 0.14	367%	\$ 0.03	\$ 0.59	5%	\$ 0.56
Operating cash flow before changes in working capital ^{1,2}	\$ 72.4	(5%)	\$ 76.4	\$ 258.1	(11%)	\$ 290.9
Operating cash flow before changes in working capital (\$/share) ^{1,2}	\$ 0.19	(5%)	\$ 0.20	\$ 0.69	(12%)	\$ 0.78
Key Operating Statistics—Gold Mines						
Gold sales – 100% (000s oz) ¹	226	17%	193	434	(5%)	459
Gold sales – Attributable (000s oz) ¹	212	16%	182	407	(6%)	431
Gold production – Attributable (000s oz) ³	204	9%	188	411	(2%)	421
Average realized gold price (\$/oz) ¹	\$ 1,593	5%	\$ 1,515	\$ 1,645	14%	\$ 1,447
Total Cash cost (\$/oz) ^{1,2}	\$ 737	6%	\$ 697	\$ 708	15%	\$ 613
Gold margin (\$/oz) ^{1,2}	\$ 856	5%	\$ 818	\$ 937	12%	\$ 834
Key Operating Statistics – Niobec mine						
Niobium production (millions of kg Nb)	1.2	9%	1.1	2.3	5%	2.2
Niobium sales (millions of kg Nb)	1.2	(8%)	1.3	2.4	4%	2.3
Operating margin (\$/kg Nb) ²	\$ 15	7%	\$ 14	\$ 15	-	\$ 15

Financial Position (\$ millions, except where noted)	June 30, 2012	Change	December 31, 2011
Cash, cash equivalents, and gold bullion			
▪ at market value	\$ 614.9	(51%)	\$ 1,262.5
▪ at cost	\$ 496.4	(57%)	\$ 1,148.4
Total assets	\$ 4,492.3	3%	\$ 4,349.7
Equity	\$ 3,665.5	4%	\$ 3,528.9

1 Amounts represent results from continuing operations and do not include discontinued operations.

2 The Company has included the following non-GAAP measures: adjusted net earnings attributable to equity holders of IAMGOLD, adjusted net earnings per share, operating cash flow before changes in working capital per share, total cash cost per ounce, gold margin per ounce, and operating margin per kilogram of niobium sold at the Niobec mine. Refer to the Supplemental Information attached to the MD&A for reconciliation to GAAP measures.

3 Excludes attributable ounces from discontinued operations of nil for the three and six months ended June 30, 2012 (three months ended June 30, 2011: 10,000 ounces, six months ended June 30, 2011: 67,000 ounces). Discontinued operations include Mupane, Tarkwa and Damang, which were sold in 2011.

OUTLOOK

IAMGOLD full year 2012 guidance	2012 Plan
Attributable gold production (000s oz)	
Rosebel	370 – 395
Essakane	320 – 345
Total mines owned and operated by IAMGOLD	690 – 740
Total joint venture mines (Sadiola and Yatela)	150 – 170
Total attributable production	840 – 910
Cash cost (\$/oz) from continuing operations ¹	\$670 – \$695
Average gold price (\$/oz)	\$1,700
Average crude oil price (\$/barrel)	\$90
Average foreign exchange rate (C\$/US\$)	1.00
Average foreign exchange rate (US\$/€)	1.40
Niobec production (millions of kg Nb)	4.6 – 5.1
Niobec operating margin (\$/kg Nb) ¹	\$15 – \$17
Capital expenditures (\$ millions)	\$800 – \$840

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

The Company maintains its annual gold production, cash cost and capital expenditures guidance.

The effective tax rate for the second quarter 2012 was 45% (35% for the first six months 2012) compared to the same prior year period of 37% (29% for the first six months 2011). The increase in the effective tax rate is primarily attributable to the non-recognition of losses (6%) and other items that are not indicative of the Company's future operating performance (2%).

The non-recognition of losses is related to the Company's exploration activity at certain exploration entities. The accounting principles generally prohibit the recognition of tax benefits on losses for entities that do not have a history of profitability. Although the Company's historical exploration efforts have been very positive to date, the Company is prohibited from recording tax benefits related to losses incurred by certain exploration entities.

The items that are not indicative of the Company's future operating performance are primarily the impairment of marketable securities and fluctuations in exchange rates. Similar to the non-recognition of losses noted above, the accounting principles prohibit the Company from recognizing the tax benefit on the impairment of marketable securities. The fluctuation in exchange rates relates to the non-U.S. dollar tax currency of many of the Company's subsidiaries. As a result, the monthly conversion of the subsidiaries' non-U.S. dollar taxes generates foreign exchange gains and losses that are included in the income tax expense.

Given the Company's plans for record spending on exploration in 2012, the Company expects that the annual effective tax rate will now be in the range of 35% to 37%. Based on exploration results, the Company could re-allocate spending between entities resulting in tax benefits previously not recognized.

At Niobec, production numbers indicate that the Company is on track for meeting its annual guidance of niobium production and operating margin.

MARKET TRENDS

GLOBAL FINANCIAL MARKET CONDITIONS

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

GOLD MARKET

In the second quarter 2012, the gold price continued to display considerable volatility with spot daily closings between \$1,540 and \$1,678 per ounce (2011: between \$1,418 and \$1,553 per ounce) from the London Bullion Market Association.

	Three months ended June 30,			Six months ended June 30,		
	2012	Change	2011	2012	Change	2011
Average market gold price (\$/oz)	\$ 1,609	7%	\$ 1,506	\$ 1,651	14%	\$ 1,445
Average realized gold price (\$/oz)	\$ 1,593	5%	\$ 1,515	\$ 1,645	14%	\$ 1,447
Closing market gold price (\$/oz)				\$ 1,599	6%	\$ 1,506

NIOBIUM MARKET

The Company is one of three significant producers of ferroniobium in the world, with a market share of approximately 8% in 2011. The largest producer in the niobium market is a Brazilian producer whose dominant market position can impact market dynamics. Niobium demand closely follows the demand for steel, with a trend towards increased usage of niobium per tonne of steel produced. World steel production increased 1% and 3% compared to the second quarter 2011 and the first quarter 2012, respectively. The average realized sales price was marginally higher in the second quarter 2012 when compared to the average realized sales price in the second quarter 2011 and consistent with that of the first quarter 2012.

CURRENCY

The Company's reporting and functional currency is the U.S. dollar. Movement in the Canadian dollar against the U.S. dollar has a direct impact on the Company's Canadian mining activities and the corporate office cost base. International operations are also exposed to fluctuation in currency exchange rates. Currencies continued to experience volatility relative to the U.S. dollar in the second quarter 2012. The key currencies to which the Company is exposed are the Canadian dollar and the Euro.

Second quarter ended June 30	2012	2011
Average rates		
▪ Canadian\$ / U.S.\$	1.0101	0.9675
▪ U.S.\$ / Euro	1.2830	1.4396
Closing rates		
▪ Canadian\$ / U.S.\$	1.0165	0.9638
▪ U.S.\$ / Euro	1.2658	1.4498

In 2012, the Company will have a significant Canadian dollar requirement due to capital expenditures required to advance the Westwood and Côte Gold projects, as well as operating and capital expenditures at the Niobec mine. In addition, during 2012 the Company will continue to have Euro and ZAR requirements due to capital and operating expenditures related to the Essakane mine in Burkina Faso. The Company hedges currency exposure through forward and option contracts to mitigate the impact of the volatility in the exchange rates of these currencies. In 2012, the Company will, on an ongoing basis, update its hedging strategy, which is designed to meet its currency requirements by mitigating the volatility of movement in the exchange rate of foreign currencies.

OIL PRICE

The Company's operations and projects expect to consume approximately 0.8 million barrels of fuel in 2012. In the second quarter 2012, the oil price displayed considerable volatility with spot daily closings between \$78 and \$106 per barrel.

Second quarter ended June 30	2012	2011
Average market oil price (\$/barrel)	\$ 93	\$ 102
Closing market oil price (\$/barrel)	\$ 85	\$ 95

Refer to Financial Condition – Market risks section for more information.

SENSITIVITY IMPACT

The following table provides estimated sensitivities around certain inputs, excluding the impact of the Company's hedging program that can affect the Company's operating results, assuming expected 2012 production levels.

	Change of	Annualized Impact on Cash Cost¹ by \$/oz
Gold price	\$100/oz	\$6
Oil price	\$10/barrel	\$12
Euro	\$0.10	\$10

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

QUARTERLY UPDATES

Operations

The table below presents the total ounces of gold sold from continuing operations and the realized gold price per ounce.

	Gold sales (000s oz)				Realized gold price (\$/oz)			
	Three months ended June 30,		Six months ended June 30,		Three months ended June 30,		Six months ended June 30,	
	2012	2011	2012	2011	2012	2011	2012	2011
Operator	198	156	376	385	\$ 1,591	\$ 1,518	\$ 1,645	\$ 1,448
Joint ventures ¹	28	37	58	74	\$ 1,607	\$ 1,500	\$ 1,649	\$ 1,444
Total sales from continuing operations^{2,3}	226	193	434	459	\$ 1,593	\$ 1,515	\$ 1,645	\$ 1,447

1 Attributable sales of joint ventures: Sadiola (41%) and Yatela (40%).

2 Attributable sales volume for the second quarters 2012 and 2011 were 212,000 ounces and 182,000 ounces, respectively, and for the first six months 2012 and 2011 were 407,000 ounces and 431,000 ounces after taking into account 95% of the Rosebel sales and 90% of the Essakane sales.

3 Continuing operations exclude Mupane, Tarkwa and Damang which were sold in 2011 and are discontinued operations.

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

	Gold Production (000s oz)				Total Cash Cost ¹ (\$/oz)			
	Three months ended June 30,		Six months ended June 30,		Three months ended June 30,		Six months ended June 30,	
	2012	2011	2012	2011	2012	2011	2012	2011
IAMGOLD Operator								
Rosebel (95%)	94	87	187	187	\$ 696	\$ 704	\$ 666	\$ 618
Essakane (90%)	81	62	161	157	587	613	574	501
Doyon division ² (100%)	2	-	4	-	143	-	137	-
	177	149	352	344	\$ 641	\$ 666	\$ 619	\$ 565
Joint Ventures								
Sadiola (41%)	22	33	47	63	\$ 1,213	\$ 705	\$ 1,104	\$ 714
Yatela (40%)	5	6	12	14	1,864	1,401	1,730	1,352
	27	39	59	77	\$ 1,349	\$ 817	\$ 1,234	\$ 829
Continuing operations	204	188	411	421	\$ 737	\$ 697	\$ 708	\$ 613
Discontinued operations³	-	10	-	67	\$ -	\$ 1,271	\$ -	\$ 792
Total	204	198	411	488	\$ 737	\$ 729	\$ 708	\$ 637
Continuing operations								
Cash cost excluding royalties					\$ 650	\$ 610	\$ 619	\$ 533
Royalties					87	87	89	80
Total cash cost¹					\$ 737	\$ 697	\$ 708	\$ 613

1 Total cash cost is a non-GAAP measure. Refer to the Cash Costs section above for reconciliation to GAAP measures.

2 As a cost savings initiative, the ore mined from Mouska was stockpiled in 2011. In 2012, the mine will not be producing other than marginal gold derived from the mill clean-up process.

3 Discontinued operations include Mupane, Tarkwa and Damang which were sold in 2011.

**Suriname – Rosebel Mine (IAMGOLD interest – 95%)
Summarized Results 100% Basis**

	Three months ended June 30,			Six months ended June 30,		
	2012	Change	2011	2012	Change	2011
Total operating material mined (000s t)	11,830	(4%)	12,284	25,033	6%	23,595
Capital waste mined (000s t)	186	-	-	987	-	-
Strip ratio ¹	2.7	(13%)	3.1	2.7	(13%)	3.1
Ore milled (000s t)	3,182	2%	3,125	6,313	2%	6,193
Head grade (g/t)	1.0	-	1.0	1.0	-	1.0
Recovery (%)	96	3%	93	95	1%	94
Gold production – 100% (000s oz)	99	8%	92	197	-	197
Attributable gold production – 95% (000s oz)	94	8%	87	187	-	187
Gold sales – 100% (000s oz)	108	24%	87	195	2%	191
Gold revenue (\$/oz) ²	\$ 1,592	5%	\$ 1,518	\$ 1,641	13%	\$ 1,455
Cash cost excluding royalties (\$/oz)	\$ 604	(2%)	\$ 617	\$ 571	6%	\$ 537
Royalties (\$/oz)	\$ 92	6%	\$ 87	\$ 95	17%	\$ 81
Total cash cost (\$/oz) ³	\$ 696	(1%)	\$ 704	\$ 666	8%	\$ 618

1 Strip ratio is calculated as waste divided by ore mined.

2 Gold revenue per ounce is calculated as gold sales divided by ounces of gold sold.

3 Total cash cost per ounce is a non-GAAP measure. Refer to the Supplemental Information section attached to the MD&A for reconciliation to GAAP measures.

Gold production during the second quarter 2012 was 8% higher than the prior year period, primarily as a result of higher throughput and higher recoveries. Recoveries have shown an improving trend with the partial installation of the gravity circuit. Mine tonnage for the quarter was adversely impacted by the heavy rainfall and was lower than the prior year period due to longer hauls.

Total cash costs per ounce were lower compared to the same prior year period mainly due to higher gold production partially offset by higher royalties as a result of higher realized gold prices.

During the second quarter 2012, Rosebel's capital expenditures were \$48.1 million and consisted of new mining equipment (\$21.9 million), the third ball mill project (\$8.5 million), resource delineation and near-mine exploration (\$4.5 million), pre-crusher unit (\$3.5 million), new gravity circuit project (\$2.4 million), capital spares (\$1.7 million), infrastructure development for Rosebel pit (\$1.4 million), tailings dam (\$1.1 million) and various smaller projects (\$3.1 million).

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

	Three months ended June 30,			Six months ended June 30,		
	2012	Change	2011	2012	Change	2011
Total operating material mined (000s t)	3,835	(35%)	5,929	7,347	(46%)	13,546
Capital waste mined (000s t)	5,136	-	-	8,921	-	-
Strip ratio ¹	2.1	40%	1.5	2.0	18%	1.7
Ore milled (000s t)	2,711	102%	1,344	5,337	48%	3,595
Head grade (g/t)	1.1	(31%)	1.6	1.1	(31%)	1.6
Recovery (%)	91	(5%)	96	92	(4%)	96
Gold production – 100% (000s oz)	90	30%	69	179	2%	175
Attributable gold production – 90% (000s oz)	81	30%	62	161	2%	157
Gold sales – 100% (000s oz)	86	25%	69	174	(5%)	184
Gold revenue (\$/oz) ²	\$ 1,590	5%	\$ 1,519	\$ 1,647	14%	\$ 1,445
Cash cost excluding royalties (\$/oz)	\$ 509	(3%)	\$ 525	\$ 494	17%	\$ 424
Royalties (\$/oz)	\$ 78	(11%)	\$ 88	\$ 80	4%	\$ 77
Total cash cost (\$/oz) ³	\$ 587	(4%)	\$ 613	\$ 574	15%	\$ 501

1 Strip ratio is calculated as waste divided by ore mined.

2 Gold revenue per ounce is calculated as gold sales divided by ounces of gold sold.

3 Total cash cost per ounce is a non-GAAP measure. Refer to the Supplemental Information section attached to the MD&A for reconciliation to GAAP measures.

Gold production during the second quarter 2012 was 30% higher than the same prior year period and is the result of having effectively addressed the technical issues that limited production in 2011. This was partially offset by lower grades compared to the same period last year. Total cash costs in the second quarter 2012 were lower compared to the second quarter 2011 mainly due to higher production.

During the second quarter 2012, Essakane's capital expenditures were \$47.3 million and consisted of capitalized stripping costs on the push-back of the pit (\$12.5 million), mill expansion including advances towards long lead equipment (\$23.2 million), liner installation at the bulk water storage facility (\$3.9 million), resource development (\$4.2 million), capital spares (\$1.2 million) and other sustaining capital (\$2.3 million).

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

	Three months ended June 30,			Six months ended June 30,		
	2012	Change	2011	2012	Change	2011
Total operating material mined (000s t)	15	(6%)	16	33	10%	30
Gold production – 100% (000s oz)	2	-	-	4	-	-
Gold sales – 100% (000s oz)	4	-	-	7	(30%)	10
Gold revenue (\$/oz) ¹	\$ 1,605	-	\$ -	\$ 1,678	22%	\$ 1,380
Cash cost excluding royalties (\$/oz)	\$ 106	-	\$ -	\$ 100	-	\$ -
Royalties (\$/oz)	\$ 37	-	\$ -	\$ 37	-	\$ -
Total cash cost (\$/oz) ²	\$ 143	-	\$ -	\$ 137	-	\$ -

1 Gold revenue per ounce is calculated as gold sales divided by ounces of gold sold.

2 Total cash cost per ounce is a non-GAAP measure. Refer to the Supplemental Information section attached to the MD&A for reconciliation to GAAP measures.

During the quarter, the Mouska mine recovered 2,000 ounces as a result of the mill clean-up activities. The site continues to stockpile ore which will be processed in the refurbished mill in 2013.

**Mali – Sadiola Mine (IAMGOLD interest – 41%)
Summarized Results 41% Basis**

	Three months ended June 30,			Six months ended June 30,		
	2012	Change	2011	2012	Change	2011
Total operating material mined (000s t)	3,128	18%	2,640	4,814	(6%)	5,109
Capital waste mined (000s t)	779	-	-	2,925	-	-
Strip ratio ¹	12.6	88%	6.7	16.1	148%	6.5
Ore milled (000s t)	462	(6%)	492	910	(5%)	961
Head grade (g/t)	1.7	(15%)	2.0	1.9	-	1.9
Recovery (%)	84	(12%)	95	84	(12%)	95
Attributable gold production – 41% (000s oz)	22	(33%)	33	47	(25%)	63
Attributable gold sales – 41% (000s oz)	22	(27%)	30	46	(23%)	60
Gold revenue (\$/oz) ²	\$ 1,606	7%	\$ 1,502	\$ 1,648	14%	\$ 1,446
Cash cost excluding royalties (\$/oz)	\$ 1,116	80%	\$ 620	\$ 1,008	60%	\$ 630
Royalties (\$/oz)	\$ 97	14%	\$ 85	\$ 96	14%	\$ 84
Total cash cost (\$/oz) ³	\$ 1,213	72%	\$ 705	\$ 1,104	55%	\$ 714

1 Strip ratio is calculated as waste divided by ore mined.

2 Gold revenue per ounce is calculated as gold sales divided by ounces of gold sold.

3 Total cash cost per ounce is a non-GAAP measure. Refer to the Supplemental Information section attached to the MD&A for reconciliation to GAAP measures.

Attributable gold production for the second quarter 2012 was 33% lower compared to the prior year period due to lower throughput from low mill availability, lower grades mined, and lower recoveries due to graphitic ore. Lower production had an adverse impact on total cash costs which rose significantly compared to the prior year period. Annual production is expected to be at the lower end of the production guidance range for the Malian operations.

The Company's attributable portion of capital expenditures during the second quarter 2012 was \$9.7 million and consisted of spending on the Sadiola Sulphide project (\$5.6 million), capitalized stripping (\$2.7 million) and various smaller projects (\$1.4 million).

Sadiola did not distribute any dividends during both the second quarters of 2012 and 2011.

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

	Three months ended June 30,			Six months ended June 30,		
	2012	Change	2011	2012	Change	2011
Total operating material mined (000s t)	2,182	25%	1,746	4,357	35%	3,234
Strip ratio ¹	20.2	221%	6.3	18.3	195%	6.2
Ore crushed (000s t)	252	(13%)	288	498	(12%)	564
Head grade (g/t)	0.7	(36%)	1.1	0.7	(30%)	1.0
Attributable gold stacked – 40% (000s oz)	6	(40%)	10	12	(37%)	19
Attributable gold production – 40% (000s oz)	5	(17%)	6	12	(14%)	14
Attributable gold sales – 40% (000s oz)	6	(14%)	7	12	(14%)	14
Gold revenue (\$/oz) ²	\$ 1,608	8%	\$ 1,488	\$ 1,653	15%	\$ 1,436
Cash cost excluding royalties (\$/oz)	\$ 1,755	34%	\$ 1,309	\$ 1,631	29%	\$ 1,267
Royalties (\$/oz)	\$ 109	18%	\$ 92	\$ 99	16%	\$ 85
Total cash cost (\$/oz) ³	\$ 1,864	33%	\$ 1,401	\$ 1,730	28%	\$ 1,352

1 Strip ratio is calculated as waste divided by ore mined.

2 Gold revenue per ounce is calculated as gold sales divided by ounces of gold sold.

3 Total cash cost per ounce is a non-GAAP measure. Refer to the Supplemental Information section attached to the MD&A for reconciliation to GAAP measures.

Attributable gold production was lower in the second quarter 2012 compared to the prior year period as a result of comparably lower ore tonnage being fed to the heap leach pads.

Higher cash costs in the second quarter 2012 were due to a 25% increase in tonnes mined compared with the same prior year period as the site focused on mining the main pit while the Yatela North Pit had a short-term waste stripping campaign. By the third quarter 2012, the short-term waste stripping campaign will be complete as ore in the pit will be accessible.

Annual production is expected to be at the lower end of the production guidance range for the Malian operations.

There were no significant capital expenditures during the second quarters 2012 and 2011. Yatela did not distribute any dividend during both the second quarters of 2012 and 2011.

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

	Three months ended June 30,			Six months ended June 30,		
	2012	Change	2011	2012	Change	2011
Total operating material mined (000s t)	483	(12%)	546	1,053	(2%)	1,075
Ore milled (000s t)	522	(1%)	529	1,077	3%	1,050
Grade (% Nb ₂ O ₅)	0.53	(12%)	0.60	0.54	(8%)	0.59
Niobium production (millions of kg Nb)	1.2	9%	1.1	2.3	5%	2.2
Niobium sales (millions of kg Nb)	1.2	(8%)	1.3	2.4	4%	2.3
Operating margin (\$/kg Nb) ¹	\$ 15	7%	\$ 14	\$ 15	-	\$ 15

¹ Operating margin per kilogram of niobium at the Niobec mine is a non-GAAP measure. Refer to the Supplemental Information section attached to the MD&A for reconciliation to GAAP measures.

Niobium production during the second quarter 2012 was 9% higher than the same period in 2011 as a result of higher conversion of niobium pentoxide and higher recoveries, offset to some extent by lower grades mined.

Niobium revenues increased to \$48.4 million in the second quarter 2012 compared to \$48.1 million in the same period in 2011 due to a higher realized niobium price offset by lower sales volume. Operating margin during the second quarter 2012 was higher as compared to the second quarter 2011 as a result of the higher realized niobium price partially offset by higher labour and consumables costs.

In the second quarter of 2012, capital expenditures were \$19.6 million and included mining equipment (\$4.8 million), underground development (\$4.6 million), service hoist project (\$1.7 million), Shipshaw river pumping station (\$1.2 million), feasibility study (\$0.8 million), relocation of the leaching and the filter band (\$0.8 million) and various other projects (\$5.7 million).

DEVELOPMENT AND EXPANSION PROJECTS

(\$millions)	Three months ended June 30,		Six months ended June 30,	
	2012	2011	2012	2011
North America				
Canada – Westwood project	\$ 43.6	\$ 32.9	\$ 79.7	\$ 57.8
Canada – Niobec feasibility study	0.8	-	0.8	-
Africa				
Burkina Faso – Essakane expansion project	18.1	-	34.9	-
Mali – Sadiola Sulphide project (41%)	5.6	-	10.8	-
South America				
Ecuador – Quimsacocha project	0.6	0.8	1.3	1.7
Capitalized Development and Expansion Expenditures	\$ 68.7	\$ 33.7	\$ 127.5	\$ 59.5

In the second quarter 2012, the Company's total development and expansion project expenditures were \$68.7 million. For Essakane, the second quarter 2012 expenditures continue to be lower than originally expected given delays in receiving permits and confirmation of fiscal terms. The Company has progressed with the government of Burkina Faso on the resolution of fiscal terms with construction teams currently mobilizing. At Sadiola, the Sulphide project initiative has progressed cautiously given the ongoing political events. The Company is monitoring the situation and is ready to move forward when appropriate.

CANADA – WESTWOOD PROJECT

Early 2013 has been maintained as the target start-up date for operations. The Westwood project expenditures in the second quarter 2012 totaled \$43.6 million, with significant infrastructure preparation and construction, including the cyanide destruction plant, paste fill plant and work progress on mill refurbishing. The new waste water treatment plant is now operational. The sewage and potable water network is completed. During the second quarter of 2012, shaft sinking reached a depth of 1,705 metres. Underground development work in the second quarter 2012 totaled 3,273 metres (six months ended 2012 - 6,837 metres) of lateral and vertical excavation.

Outlook for 2012:

Main activities planned for 2012 totaling \$220 million are as follows:

- Construction of a new surface administration and services building and a new paste backfill plant;
- Extensive refurbishment of the existing Doyon mill and installation of a new sewage treatment plant;
- Shaft sinking to a depth of 1,954 metres by the end of 2012;
- Completion of permanent ground support for the six-metre ventilation raise;
- Excavation of a six-metre exhaust raise;
- Completion of 89,000 metres of infill and step-out drilling for resource development;
- Completion of 15,000 metres of vertical and lateral development; and
- Commencement of mining in the Warrenmac zone for stockpiling ahead of the 2013 start-up.

BURKINA FASO – ESSAKANE EXPANSION PROJECT

Under the expansion plan, mining will be carried out using the same type of equipment currently used at Essakane. The mining rate will climb to 50-55 million tonnes per year by 2014 and is expected to remain at that rate for six years before decreasing gradually to the end of pit life. The outcome of negotiations with the Government of Burkina Faso on fiscal terms related to mine expansions has been favourable. This includes import duties applicable to expansion-related equipment and significant improvements on the timely reimbursement of value added taxes. The construction of the expanded plant commenced in early July 2012, with completion expected by the end of 2013.

MALI – SADIOLA SULPHIDE PROJECT

Under the current project schedule, pre-stripping of the Sadiola main pit to access the underlying sulphides will begin in 2013. Project completion and start-up of the new process plant is scheduled for the second half of 2014. IAMGOLD's share of planned total capital expenditures over the next three years is \$300 million.

ROSEBEL EXPANSION

The Company is making good progress towards reaching a definitive agreement, which will be followed by a concept study to further define the expansion potential of bringing in the satellite resources. Planned capital expenditures over the next three years are estimated at \$550 million pending further studies and approval, and include project capital, sustaining capital and capitalized stripping.

NIOBEC EXPANSION

In 2011, following the scoping study results, a community relation office was put in place in order to inform key stakeholders in relation to the project. Several committees were formed by the local community to represent their interests. Preliminary social and environmental baselines were completed within the potentially impacted area. The permitting process is estimated to be completed between 24 to 30 months following the project notice deposit to the regulatory agencies. Based on the pre-feasibility study completed in early 2012, the Company is proceeding with a feasibility study based on the block caving mining method.

SOUTH AMERICA – ECUADOR – QUIMSACocha PROJECT

On June 20, 2012, it was announced that the Company had entered into a definitive agreement with INV Metals Inc. ("INV") pursuant to which INV will acquire the project in consideration of the issuance of shares by INV to the Company. Upon closing, the Company will be issued 150 million common shares of INV which will represent not less than 40% and not more than 45% of INVs' total outstanding common shares. The closing of the transaction is subject to certain conditions, including shareholder approval, government consent and financing by INV.

EXPLORATION

IAMGOLD was active at 20 mine site, near mine and greenfields exploration projects in eight countries of West Africa and North and South America during the quarter.

In the second quarter 2012, exploration expenditures totaled \$36.6 million, including \$24.7 million for expensed exploration and \$11.9 million for capitalized exploration. This is higher than exploration expenditures totaling \$27.5 million for the same period in 2011. Drilling activities from all projects totaled 166,100 metres.

(\$ millions)	Three months ended June 30,			Six months ended June 30,		
	2012	Change	2011	2012	Change	2011
Near-mine exploration and evaluation	\$ 13.4	8%	\$ 12.4	\$ 23.7	5%	\$ 22.6
Greenfield exploration projects	\$ 23.2	54%	\$ 15.1	\$ 41.3	61%	\$ 25.7
Total	\$ 36.6	33%	\$ 27.5	\$ 65.0	35%	\$ 48.3

The increased expenditures reflect larger planned exploration spending for 2012 versus 2011 (\$157.3 million versus \$108.6 million), which now includes an additional \$19.4 million for ongoing exploration at the recently acquired Côté Gold project in Ontario.

Planned exploration during the quarter was impacted by reduced drilling activities at several projects in Mali, offset by an increase in drilling activities at Essakane, Burkina Faso, and the acquisition of the Côté Gold project near the end of the quarter.

OUTLOOK – 2012 EXPLORATION

The following table represents the current outlook for exploration expenditures for 2012:

(\$ millions)	Capitalized	Expensed	Total
Near-mine exploration and evaluation	36.6	41.1	77.7
Greenfield exploration projects	1.9	77.7	79.6
Total	38.5	118.8	157.3

MINE SITE AND NEAR MINE EXPLORATION PROGRAMS

IAMGOLD mine and regional exploration teams continued to conduct near-mine exploration and resource development work during the second quarter 2012 at Essakane, Rosebel, Westwood, Mouska and Niobec.

ESSAKANE, BURKINA FASO

A total of just over 41,600 metres of diamond and reverse circulation (“RC”) drilling was completed, including approximately 15,600 metres targeting the Essakane Main Zone (“EMZ”) mineralization on the northern extensions of the current life of mine pit as well as within or slightly below the expansion feasibility study pit design. Initial results have so far confirmed extensions to the targeted mineralization under the northern portion of the pit and will be evaluated for the potential to add to the existing mineral resources. Infill drilling was also completed at the satellite Falagountou deposit, located eight kilometres east of the Essakane plant; however this program was impacted by restricted access due to the presence of extensive artisanal workings. Systematic drilling is also in progress to test for southeast extensions of the Falagountou deposit and to evaluate the resource potential of selected target areas along the 10 kilometre long Gossey - Korizena mineralization / geochemical trend.

ROSEBEL, SURINAME

Approximately 36,000 metres of diamond drilling was completed during the quarter, mainly at the Mayo, Koolhoven and Pay Caro deposits, to increase the confidence in the existing resource inventory and target resource expansions. Intersections were obtained from most targeted zones and results will be incorporated into updated resource models as they are received. Geological mapping, test pitting and sampling surveys have been conducted at selected locations on the property. In addition, a mechanical auger geochemical sampling program continues over priority areas covered with thick alluvium which may not have been effectively screened by past geochemical surveys.

WESTWOOD, QUEBEC, CANADA

Twelve underground drills were operating during the second quarter 2012 and a total of over 20,500 metres of diamond drilling was completed. The Company's efforts were focused on infill delineation and resource expansion drilling, principally below level 132. Intersections obtained continue to extend known mineralization and increase confidence in existing resources. The drilling program is carried out in conjunction with shaft sinking, underground development and construction of surface installations.

MOUSKA, QUEBEC, CANADA

Just over 10,100 metres of underground diamond drilling was completed with four diamond drill rigs during the quarter. The program is mainly targeting Zones 47 and 50 South and their extensions. In early June, drilling also began to evaluate the potential of Zone 65, a zone parallel to historically mined zones.

NIOBEC, QUEBEC, CANADA

Approximately 15,000 metres of underground diamond drilling was completed as part of a resource delineation and expansion project program designed to convert resources to reserves and underpin a five-year transition strategy toward the planned expansion. Drill results are as expected and continue to upgrade resources to mineral reserves. Metallurgical test work to constrain the resource estimation process continued during the quarter.

GREENFIELD EXPLORATION PROJECTS

In addition to the mine site and near mine exploration programs described above, the Company was active on some fifteen early stage to advanced greenfield exploration projects. Highlights for the quarter include:

KALANA JOINT VENTURE, MALI

Drilling activities were suspended for most of the quarter owing to political unrest and security concerns. However, as conditions improved, limited drilling was resumed and approximately 4,400 metres of RC infill drilling was completed by quarter end, just ahead of the onset of the wet season. Although heavily backlogged, assay results continue to be received and are being validated and incorporated into the geological model ahead of a mineral resource estimate anticipated for completion in the fourth quarter. The principal objective of the current program is to satisfy the remaining earn-in requirement by developing a resource estimate for the Kalana mine area and nearby prospects.

BOTO, SENEGAL

Exploration drilling continues on the Boto project in several key target areas to follow up encouraging drill results returned from prior exploration programs. Approximately 5,700 metres of diamond drilling was completed during the quarter. Systematic drilling at the Boto 2 prospect continues to intersect 40 to 60 metre intervals of gold bearing brecciated sandstone exhibiting strong alteration and pyrite mineralization. The drill program has been expanded to continue to evaluate the mineral resource potential of these targets.

PITANGUI, BRAZIL

Diamond drilling continued during the quarter with just over 2,000 metres completed. Encouraging results continue to be returned from the Jaguará prospect where Banded Iron Formation (BIF) hosted gold mineralization has been intersected over a minimum 700-metre strike length. The drill program has been expanded to better evaluate this new discovery. Additional soil geochemical surveys are in progress to identify further anomalies along the prospective host stratigraphy.

CÔTÉ GOLD PROJECT, ONTARIO, CANADA

Approximately 3,600 metres of diamond drilling was completed since the project was acquired in late June. An aggressive delineation drill program is in progress with the prime objective to upgrade a significant portion of the Inferred mineral resources to an Indicated category. An exploration program including 70,000 to 85,000 metres of resource drilling, geotechnical testing and condemnation drilling by year end has been approved.

REE PROJECT, QUEBEC, CANADA

A delineation diamond drilling program on a nominal 100 x 100 metre drill spacing and to a vertical depth of 700 metres was initiated during the quarter to follow up encouraging exploration drill results from the first quarter. The purpose of the program is to upgrade the mineral resources in preparation for a scoping study of the REE deposit, which will be completed in September 2012. Approximately 11,100 metres of drilling were completed, including two deep holes which confirmed the presence of REE bearing host breccia's to vertical depth of 1,250 metres. The program is expected to be completed by the end of the third quarter. In addition, approval has been given to start a 1,300 metre exploration drift extending from the Niobec mine to the REE deposit. The drift, when completed, will allow for the collection of a bulk sample to support planned metallurgical studies and provide access for future underground drilling programs. Completion is expected in early 2013.

QUARTERLY FINANCIAL REVIEW

(in \$ millions, except where noted)	2012		2011				2010	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Revenues from continuing operations	\$ 410.6	\$ 404.2	\$ 481.6	\$ 431.9	\$ 345.7	\$ 414.0	\$ 440.9	\$ 234.7
Net earnings from continuing operations	\$ 60.9	\$ 129.0	\$ 145.8	\$ 60.0	\$ 80.1	\$ 142.1	\$ 120.3	\$ 39.9
Net earnings	\$ 60.9	\$ 129.0	\$ 145.8	\$ 50.7	\$ 484.5	\$ 162.3	\$ 134.5	\$ 54.5
Net earnings attributable to equity holders of IAMGOLD	\$ 52.9	\$ 119.2	\$ 133.7	\$ 40.7	\$ 478.9	\$ 153.4	\$ 124.0	\$ 52.0
Basic earnings attributable to equity holders of IAMGOLD per share (\$/share)	\$ 0.14	\$ 0.32	\$ 0.36	\$ 0.11	\$ 1.28	\$ 0.41	\$ 0.33	\$ 0.14
Diluted earnings attributable to equity holders of IAMGOLD per share (\$/share)	\$ 0.14	\$ 0.32	\$ 0.35	\$ 0.11	\$ 1.27	\$ 0.41	\$ 0.33	\$ 0.14

The second quarter 2012 is the tenth consecutive quarter of positive net earnings for the Company.

FINANCIAL CONDITION

Liquidity and Capital Resources

The Company ended the second quarter 2012 with a strong balance sheet, having \$614.9 million in cash, cash equivalents and gold bullion at market value.

Working capital¹ as at June 30, 2012 was \$549.0 million, a decrease of \$641.8 million compared to December 31, 2011 mostly due the drawdown of cash and cash equivalents of \$652.1 million. The drawdown took place mainly for the acquisition of the Côté Gold project (\$480.4 million), capital expenditures related to mining assets and exploration and evaluation assets (\$304.5 million), the payment of dividends (\$50.9 million) and acquisition of investments (\$46.3 million), offset partially by net cash generated from operating activities (\$223.0 million) and other cash movements (\$7.0 million). Offsetting increases in non-cash working capital of \$10.3 million were mainly the result of lower income and mining taxes payable.

Working capital ¹	June 30, 2012	December 31, 2011
Working capital ¹ (\$ millions)	\$ 549.0	\$ 1,190.8
Current working capital ¹ ratio	2.6	4.4

¹ Working capital is defined as current assets less current liabilities and excludes long-term stockpiles.

As at June 30, 2012 no funds were drawn against the Company's \$750.0 million total unsecured revolving credit facilities. As of June 30, 2012 the Company has used \$66.1 million of its \$75.0 million letters of credit facility. During the first quarter, the Company increased its revolving facility for the issuance of letters of credit to \$75.0 million from \$50.0 million.

Gold Bullion	June 30, 2012	December 31, 2011
Ounces held (oz)	134,738	134,636
Weighted average acquisition cost (\$/oz)	\$ 720	\$ 719
Acquisition cost (\$ millions)	\$ 96.9	\$ 96.8
End of period spot price for gold (\$/oz)	\$ 1,599	\$ 1,566
End of period market value (\$ millions)	\$ 215.4	\$ 210.9

CONTRACTUAL OBLIGATIONS

Contractual obligations as at June 30, 2012 were \$246.7 million, an increase of \$29.8 million compared to December 31, 2011, mainly due to higher contracted capital expenditures obligations at Essakane and Westwood. These obligations will be met through available cash resources and operating cash flows.

ASSET RETIREMENT OBLIGATIONS

At June 30, 2012, a liability of \$229.3 million, representing the discounted value of asset retirement obligations, is included in the Company's unaudited consolidated balance sheet compared to \$222.2 million at the end of 2011. The increase in obligations which occurred since December 31, 2011 is related to the revaluation of the liability using lower real discount rates in effect at June 30, 2012. As previously noted, as of June 30, 2012 the Company has used \$66.1 million of its \$75.0 million letters of credit facility to guarantee asset retirement obligations. In addition, the Company has restricted cash of \$2.8 million to guarantee asset retirement obligations at various locations.

Market Risk

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

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

MARKETABLE SECURITIES AND WARRANTS HELD AS INVESTMENTS, AND MARKET PRICE RISK

Investments in marketable securities are classified as available-for-sale financial assets and are recorded at fair value in receivables and other for marketable securities expected to be sold in the next 12 months, and for the remainder in other non-current assets on the consolidated balance sheet.

At the end of the quarter, the Company reviewed the value of marketable securities for objective evidence of impairment and determined that an impairment charge of \$14.9 million was required in the second quarter 2012 of which \$10.3 million were transferred from the fair value reserve to the statement of earnings (\$19.5 million during the first six months 2012 of which \$14.9 million were transferred from the fair value reserve to the statement of earnings) compared to no impairment in 2011.

SUMMARY OF OUTSTANDING DERIVATIVE CONTRACTS

At the end of June 2012, the Company had entered into derivative contracts to limit the impact of fluctuations as a result of volatilities in the world markets by hedging a portion of its expected consumption of Canadian dollars, Euros, South African Rand, oil and aluminum.

At the end of the period, the Company's outstanding derivative contracts were as follows:

Contracts	2012	2013
Foreign Currency		
Canadian dollar contracts (millions of \$C)	102.0	420.0
Forward weighted average rate (C\$/ \$)	C\$0.9975/\$	C\$1.0398/\$
Option exercise rate range (C\$/ \$)	C\$0.9700 – C\$1.0506/\$	C\$1.0075 – C\$1.0675/\$
Hedge ratio	41%	54%
Euro contracts (millions of €)	78.0	108.0
Forward weighted average rate (\$/ €)	\$1.2714/€	\$1.2500/€
Option exercise rate range (\$/ €)	\$1.2500 – \$1.3500/€	\$1.1841 – \$1.2800/€
Hedge ratio	46%	47%
South African Rand contracts (millions of ZAR)	23.1	-
Weighted average rate (ZAR/\$)	ZAR 8.7473/\$	-
Hedge ratio	100%	-
Commodities		
Crude oil option contracts (barrels)	273,600	591,000
Exercise price range (\$/barrel of crude oil)	\$70 - \$95	\$75 - \$94
Hedge ratio	57%	60%
Aluminum swap contracts (metric tonnes)	1,600	2,100
Swap weighted average hedge price (\$/metric tonne)	\$2,209	\$2,146
Hedge ratio	72%	49%

CURRENCY EXCHANGE RATE RISK

The Company's objective is to hedge its exposure to these currencies resulting from operating and capital expenditures requirements at the Niobec and Essakane mines, the Westwood project and corporate costs.

OIL OPTION CONTRACTS AND FUEL MARKET PRICE RISK

Diesel is a key input to extract tonnage and, in some cases, to wholly or partially power operations. Since fuel is produced by the refinement of crude oil, changes in the price of oil directly impact fuel costs. The Company believes there is a strong relationship between prices for crude oil and diesel.

ALUMINUM CONTRACTS AND MARKET PRICE RISK

Aluminum is a key input in the production of ferroniobium. The Company has a hedging strategy to limit the impact of fluctuations of aluminum prices and to economically hedge a portion of its future consumption of aluminum at the Niobec mine.

Shareholders' Equity

At the end of 2011, the Company increased its annual dividend payment to \$0.25 per share, payable semi-annually. In January 2012, the Company paid the 2011 semi-annual dividend of \$0.125 per share totaling \$47.0 million. In June 2012, the Company declared a semi-annual dividend in the amount of \$0.125 per share payable on July 13, 2012 of \$47.0 million. Dividends payable at the end of June 2012 also include additional dividends of \$7.7 million related to subsidiaries' dividends to non-controlling interests. In the second quarter 2012, additional dividends paid of \$2.1 million (first six months 2012 – \$3.9 million) were related to subsidiaries' dividends to non-controlling interests.

Number issued and outstanding	June 30, 2012	August 10, 2012
Shares	376,123,405	376,145,905
Share options	4,537,667	4,434,832

Cash Flow

(\$millions)	Three months ended June 30,		Six months ended June 30,	
	2012	2011	2012	2011
Continuing operations				
▪ Operating activities	\$ 52.7	\$ 12.2	\$ 223.0	\$ 211.2
▪ Investing activities	(681.9)	568.6	(824.7)	556.8
▪ Financing activities	(2.1)	1.7	(53.7)	13.6
▪ Impact of foreign exchange on cash and cash equivalents	(2.5)	(0.8)	3.3	0.8
Increase (decrease) in cash and cash equivalents from continuing operations	(633.8)	581.7	(652.1)	782.4
Cash flows used in discontinued operations	-	(11.7)	-	(5.7)
Increase (decrease) in cash and cash equivalents	(633.8)	570.0	(652.1)	776.7
Cash and cash equivalents, beginning of period	1,033.3	477.5	1,051.6	270.8
Cash and cash equivalents, end of period	\$ 399.5	\$ 1,047.5	\$ 399.5	\$ 1,047.5

OPERATING ACTIVITIES

In the second quarter 2012, cash flows from continuing operating activities were higher than the same period last year as a result of higher gold sales volumes at higher gold margins and lower build of working capital.

INVESTING ACTIVITIES

Cash flows utilized for investing activities in the second quarter 2012 are mainly the result of the cash utilized to acquire the Côte Gold project of \$480.4 million and capital expenditures in mining assets and exploration and evaluation of \$171.8 million. During the second quarter 2011, the cash generated from investing activities was mainly the result of receiving \$667.0 million upon sale of the Tarkwa and Damang mines in Ghana, partially offset by capital expenditure in mining assets and exploration and evaluation.

FINANCING ACTIVITIES

Cash flows utilized for financing activities were higher in the second quarter 2012 as a result of lower shares issued in 2012.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

DISCLOSURE CONTROLS AND PROCEDURES

The Company's disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is communicated to senior management, to allow timely decisions regarding required disclosure. An evaluation of the effectiveness of the Company's disclosure controls and procedures, as defined under the rules of the Canadian Securities Administration, was conducted as of December 31, 2011 under the supervision of the Company's Disclosure Committee and with the participation of management. Based on the results of that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective as of the end of the period covered by this report in providing reasonable assurance that the information required to be disclosed in the Company's annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported in accordance with securities legislation.

Since the December 31, 2011 evaluation, there have been no adverse changes to the Company's controls and procedures and their design remains effective.

INTERNAL CONTROL OVER FINANCIAL REPORTING

Internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of the Company's financial reporting and the preparation of financial statements in compliance with IFRS. The Company's internal control over financial reporting includes policies and procedures that:

- pertain to the maintenance of records that accurately and fairly reflect the transactions of the Company;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS;
- ensure the Company's receipts and expenditures are made only in accordance with authorization of management and the Company's directors; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized transactions that could have a material effect on the annual or interim financial statements.

An evaluation of the effectiveness of the Company's internal control over financial reporting was conducted as of December 31, 2011 by the Company's management, including the Chief Executive Officer and Chief Financial Officer. Based on this evaluation, management has concluded that the Company's internal controls over financial reporting were effective.

The acquisition of Trelawney - Côte Gold project on June 21, 2012, as described in Note 4 of the unaudited consolidated interim financial statements, will not significantly impact the design of internal controls over financial reporting and disclosure. There were no further changes in the Company's business activities during the period.

There have been no significant changes in the Company's internal control over financial reporting or in other factors that could significantly affect internal controls during the second quarter ended June 30, 2012.

LIMITATIONS OF CONTROLS AND PROCEDURES

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

CRITICAL JUDGEMENTS AND ESTIMATES

The Company's management makes judgments in its process of applying the Company's accounting policies in the preparation of its unaudited condensed interim consolidated financial statements. In addition, the preparation of financial data requires that the Company's management make assumptions and estimates of effects of uncertain future events on the carrying amounts of the Company's assets and liabilities at the end of the reporting period and the reported amounts of revenue and expenses during the reporting period. Actual results may differ from those estimates as the estimation process is inherently uncertain. Estimates are reviewed on an ongoing basis based on historical experience and other factors that are considered to be relevant under the circumstances. Revisions to estimates and the resulting effects on the carrying amounts of the Company's assets and liabilities are accounted for prospectively. The critical judgments and estimates applied in the preparation of the Company's unaudited condensed interim consolidated financial statements are consistent with those applied and disclosed in note 2(b) to the Company's consolidated financial statements for the year ended December 31, 2011.

FUTURE ACCOUNTING POLICIES

For a more comprehensive discussion of future accounting policies that may impact the Company, please refer to the Company's current quarter unaudited consolidated interim financial statements and the audited annual consolidated financial statements, related notes and MD&A for 2011.

RISKS AND UNCERTAINTIES

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

For a more comprehensive discussion of the risks faced by the Company, please refer to the Company's 2011 annual MD&A, and the Company's 2011 Annual Information Form, filed with Canadian securities regulatory authorities at www.sedar.com, and filed under Form 40-F with the United States Securities Exchange Commission at www.sec.gov/edgar.html. The Annual Information Form, which, in addition to being filed and viewable on www.sedar.com and www.sec.gov/edgar.html, is available upon request from the Company, and is incorporated by reference into this MD&A.

NON-GAAP¹ PERFORMANCE MEASURES

ADJUSTED NET EARNINGS FROM CONTINUING OPERATIONS ATTRIBUTABLE TO EQUITY HOLDERS

Adjusted net earnings from continuing operations attributable to equity holders of IAMGOLD and adjusted net earnings from continuing operations attributable to equity holders of IAMGOLD per share are non-GAAP financial measures. Management believes that these measures better reflect the Company's performance for the current period and are a better indication of its expected performance in future periods. Adjusted net earnings from continuing operations attributable to equity holders of IAMGOLD and adjusted net earnings from continuing operations attributable to equity holders per share are intended to provide additional information, but do not have any standardized meaning prescribed by IFRS, are unlikely to be comparable to similar measures presented by other issuers, and should not be considered in isolation or a substitute for measures of performance prepared in accordance with IFRS. Adjusted net earnings from continuing operations attributable to equity holders represent net earnings from continuing operations attributable to equity holders excluding certain impacts, net of tax, such as changes in asset retirement obligations at closed sites, unrealized derivative gain or loss, gain/loss on sale of marketable securities and assets, impairment of marketable securities, foreign exchange gain or loss, executive severance costs, as well as the impact of significant change in tax laws for mining taxes, and unrealized gain/loss on foreign exchange translation of deferred income and mining tax liabilities. These measures are not necessarily indicative of net earnings or cash flows as determined under IFRS.

¹ GAAP – Generally accepted accounting principles.

The following table provides a reconciliation of net earnings from continuing operations attributable to equity holders of IAMGOLD as per the unaudited condensed consolidated interim statement of earnings, to adjusted net earnings from continuing operations attributable to equity holders of IAMGOLD.

(\$millions, except for number of shares and per share amounts)	Three months ended June 30,		Six months ended June 30,	
	2012	2011	2012	2011
Earnings from continuing operations before income and mining taxes and non-controlling interests	\$ 110.0	\$ 127.5	\$ 290.2	\$ 313.0
▪ Foreign exchange loss / (gain)	(0.7)	(5.1)	(11.0)	0.2
▪ Unrealized loss / (gain) on derivative instruments	5.8	(1.4)	(3.8)	(4.3)
▪ Gain on sales of marketable securities	(3.7)	(0.6)	(9.3)	(0.9)
▪ Impairment of marketable securities	14.9	-	19.5	-
▪ Loss / (gain) on sales of assets	0.1	(1.1)	(2.2)	(11.8)
▪ Changes in estimates of asset retirement obligations at closed sites	3.6	-	0.5	-
	20.0	(8.2)	(6.3)	(16.8)
Adjusted earnings from continuing operations before income and mining taxes and non-controlling interests	\$ 130.0	\$ 119.3	\$ 283.9	\$ 296.2
▪ Income and mining tax expenses	(49.1)	(47.4)	(100.3)	(90.8)
▪ Tax impact of adjusted items	1.1	1.4	0.6	(5.4)
▪ Non-controlling interests	(8.0)	(5.6)	(17.8)	(14.5)
Adjusted net earnings from continuing operations attributable to equity holders of IAMGOLD	\$ 74.0	\$ 67.7	\$ 166.4	\$ 185.5
Basic weighted average number of common shares outstanding (in millions)	376.1	374.9	376.0	374.2
Basic adjusted net earnings from continuing operations attributable to equity holders of IAMGOLD per share (\$/share)	\$ 0.20	\$ 0.18	\$ 0.44	\$ 0.50

OPERATING CASH FLOW FROM CONTINUING OPERATIONS BEFORE CHANGES IN WORKING CAPITAL

The Company makes reference to a non-GAAP measure for operating cash flow from continuing operations before changes in working capital and operating cash flow from continuing operations before changes in working capital per share. This measure is defined as cash generated from continuing operations excluding changes in working capital. Working capital can be volatile due to numerous factors including build-up of inventories. Management believes that, by excluding these items from continuing operations, this non-GAAP measure provides investors with the ability to better evaluate the cash flow performance of the Company.

The following table provides a reconciliation of operating cash flow from continuing operations before changes in working capital:

(\$millions, except where noted)	Three months ended June 30,		Six months ended June 30,	
	2012	2011	2012	2011
Cash flow generated from continuing operating activities per the unaudited consolidated interim financial statements	\$ 52.7	\$ 12.2	\$ 223.0	\$ 211.2
Adjusting items from non-cash working capital items and non-current ore stockpiles				
▪ Accounts receivable and other assets	12.7	9.6	(7.9)	9.9
▪ Inventories and non-current ore stockpiles	15.3	46.3	37.7	63.1
▪ Accounts payable and accrued liabilities	(8.3)	8.3	5.3	6.7
Operating cash flow from continuing operations before changes in working capital	\$ 72.4	\$ 76.4	\$ 258.1	\$ 290.9
Basic weighted average number of common shares outstanding (in millions)	376.1	374.9	376.0	374.2
Basic operating cash flow from continuing operations before changes in working capital per share (\$/share)	\$ 0.19	\$ 0.20	\$ 0.69	\$ 0.78

CASH COSTS

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

These gold cash costs do not have any standardized meaning prescribed by IFRS and differ from measures determined in accordance with IFRS. 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 IFRS. These measures are not necessarily indicative of net earnings or cash flow from operations as determined under IFRS.

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

Second quarter ended June 30, 2012							Other	
(in \$ millions, except where noted) (unaudited)	Operating Gold Mines						Other ¹	Total ²
	Rosebel	Essakane	Doyon Division	Sadiola	Yatela	Total		
Mining costs, excluding depreciation, depletion, amortisation and changes in estimates of asset retirement obligations at closed sites	\$ 75.8	\$ 50.6	\$ 2.4	\$ 24.3	\$ 16.0	\$ 169.1	\$ 32.8	\$ 201.9
Adjust for:								
By-product credit (excluded from mining costs)	-	-	(0.1)	-	-	(0.1)		
Stock movement	(6.2)	4.0	(0.9)	0.4	(1.3)	(4.0)		
Other mining costs	(0.4)	(2.0)	(1.2)	1.8	(4.1)	(5.9)		
Cost attributed to non-controlling interests	(3.5)	(5.3)	-	-	-	(8.8)		
	\$ (10.1)	\$ (3.3)	\$ (2.2)	\$ 2.2	\$ (5.4)	\$ (18.8)		
Total cash costs – operating mines	\$ 65.7	\$ 47.3	\$ 0.2	\$ 26.5	\$ 10.6	\$ 150.3		
Attributable gold production – operating mines (000 oz)	94	81	2	22	5	204		
Total cash costs (\$/oz)	\$ 696	\$ 587	\$ 143	\$ 1,213	\$ 1,864	\$ 737		

Second quarter ended June 30, 2011							Other	
(in \$ millions, except where noted) (unaudited)	Operating Gold Mines						Other ¹	Total ²
	Rosebel	Essakane	Doyon Division	Sadiola	Yatela	Total		
Mining costs, excluding depreciation, depletion, amortisation and changes in estimates of asset retirement obligations at closed sites	\$ 60.3	\$ 41.9	\$ 3.3	\$ 21.8	\$ 9.1	\$ 136.4	\$ 31.9	\$ 168.3
Adjust for:								
By-product credit (excluded from mining costs)	(0.5)	(0.6)	(0.2)	(0.1)	-	(1.4)		
Stock movement	5.2	3.5	(0.9)	1.4	(0.3)	8.9		
Other mining costs	(0.5)	(2.6)	(2.2)	(0.1)	(0.1)	(5.5)		
Cost attributed to non-controlling interests	(3.2)	(4.3)	-	-	-	(7.5)		
	\$ 1.0	\$ (4.0)	\$ (3.3)	\$ 1.2	\$ (0.4)	\$ (5.5)		
Total cash costs – operating mines	\$ 61.3	\$ 37.9	\$ -	\$ 23.0	\$ 8.7	\$ 130.9		
Attributable gold production – operating mines (000 oz)	87	62	-	33	6	188		
Total cash costs (\$/oz)	\$ 704	\$ 613	\$ -	\$ 705	\$ 1,401	\$ 697		

1 Niobium and Corporate Segments.

2 As per note 21 of the Company's unaudited condensed consolidated interim financial statements.

Six months ended June 30, 2012							Other	
(in \$ millions, except where noted) (unaudited)	Operating Gold Mines						Other ¹	Total ²
	Rosebel	Essakane	Doyon Division	Sadiola	Yatela	Total		
Mining costs, excluding depreciation, depletion, amortisation and changes in estimates of asset retirement obligations at closed sites	\$ 132.1	\$ 101.6	\$ 5.5	\$ 47.8	\$ 30.1	\$ 317.1	\$ 63.6	\$ 380.7
Adjust for:								
By-product credit (excluded from mining costs)	(0.2)	(0.2)	(0.3)	(0.1)	-	(0.8)		
Stock movement	1.1	5.7	(2.2)	2.0	-	6.6		
Other mining costs	(1.5)	(4.3)	(2.5)	2.5	(8.6)	(14.4)		
Cost attributed to non-controlling interests	(6.6)	(10.3)	-	-	-	(16.9)		
	\$ (7.2)	\$ (9.1)	\$ (5.0)	\$ 4.4	\$ (8.6)	\$ (25.5)		
Total cash costs – operating mines	\$ 124.9	\$ 92.5	\$ 0.5	\$ 52.2	\$ 21.5	\$ 291.6		
Attributable gold production – operating mines (000 oz)	187	161	4	47	12	411		
Total cash costs (\$/oz)	\$ 666	\$ 574	\$ 137	\$ 1,104	\$ 1,730	\$ 708		

Six months ended June 30, 2011							Other	
(in \$ millions, except where noted) (unaudited)	Operating Gold Mines						Other ¹	Total ²
	Rosebel	Essakane	Doyon Division	Sadiola	Yatela	Total		
Mining costs, excluding depreciation, depletion, amortisation and changes in estimates of asset retirement obligations at closed sites	\$ 115.6	\$ 92.5	\$ 10.2	\$ 43.4	\$ 18.4	\$ 280.1	\$ 55.9	\$ 336.0
Adjust for:								
By-product credit (excluded from mining costs)	(0.5)	(0.6)	(0.6)	(0.1)	-	(1.8)		
Stock movement	7.5	(0.7)	(6.1)	1.5	0.1	2.3		
Other mining costs	(0.9)	(3.6)	(3.5)	(0.1)	0.1	(8.0)		
Cost attributed to non-controlling interests	(6.1)	(8.8)	-	-	-	(14.9)		
	\$ -	\$ (13.7)	\$ (10.2)	\$ 1.3	\$ 0.2	\$ (22.4)		
Total cash costs – operating mines	\$ 115.6	\$ 78.8	\$ -	\$ 44.7	\$ 18.6	\$ 257.7		
Attributable gold production – operating mines (000 oz)	187	157	-	63	14	421		
Total cash costs (\$/oz)	\$ 618	\$ 501	\$ -	\$ 714	\$ 1,352	\$ 613		

1 Niobium and Corporate Segments.

2 As per note 21 of the Company's unaudited condensed consolidated interim financial statements.

GOLD MARGIN

The Company's MD&A refers to gold margin per ounce of gold, a non-GAAP performance measure, in order to provide investors with information about the measure used by management to monitor the performance of its gold assets. The information allows management to assess how well the gold mines are performing relative to the plan and to prior periods, as well as assess the overall effectiveness and efficiency of gold operations.

In periods of rising gold prices it becomes profitable to process lower-grade ore. Such a decision will typically result in an increase in total cash costs per ounce, but it is equally important to recognize that margins also increase at an equal or even faster rate. While mining lower grade ore results in less gold being processed in any given period, over the long-run it allows the Company to optimize the production of profitable gold, thereby maximizing the Company's total financial returns over the life of the mine. IAMGOLD's exploitation strategy, including managing cutoff grades, mine sequencing, and stockpiling practices, is designed to maximize the total value of the asset given conservatively derived assumptions for key economic parameters going forward. At the same time, the site operating teams seek to achieve the best performance in terms of cost per tonne mined, cost per tonne processed and overheads.

The gold margin per ounce of gold does not have any standardized meaning prescribed by IFRS, is unlikely to be comparable to similar measures presented by other issuers, and should not be considered in isolation or a substitute for measures of performance prepared in accordance with IFRS.

The following table provides a reconciliation of gold margin per ounce of gold for the gold operating mine (continuing operations) to gold realized price less total cash costs per ounce.

(\$/oz of gold)	Three months ended June 30,		Six months ended June 30,	
	2012	2011	2012	2011
Realized gold price for continuing operations	\$ 1,593	\$ 1,515	\$ 1,645	\$ 1,447
Total cash cost for continuing operations	\$ 737	\$ 697	\$ 708	\$ 613
Gold margin	\$ 856	\$ 818	\$ 937	\$ 834

UNIT OPERATING MARGIN PER KILOGRAM OF NIOBIUM FOR THE NIOBEC MINE

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

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

(\$millions, except where noted)	Three months ended June 30,		Six months ended June 30,	
	2012	2011	2012	2011
Revenues from the Niobec mine as per segmented information (note 28 of the Company's unaudited consolidated interim financial statements)	\$ 48.4	\$ 48.1	\$ 96.8	\$ 87.7
Mining costs from the Niobec mine as per segmented information (note 28 of the Company's unaudited consolidated interim financial statements)	\$ (31.1)	\$ (31.3)	\$ (60.9)	\$ (55.0)
Other mining costs	0.2	-	-	-
Operating margin	\$ 17.5	\$ 16.8	\$ 35.9	\$ 32.7
Sales volume (millions of kg Nb)	1.2	1.3	2.4	2.3
Operating margin (\$/kg Nb)	\$ 15	\$ 14	\$ 15	\$ 15



CONSOLIDATED INTERIM FINANCIAL STATEMENTS

AS AT JUNE 30, 2012

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CONSOLIDATED BALANCE SHEETS

Unaudited (In millions of U.S. dollars)	Notes	June 30, 2012	December 31, 2011
Assets			
Current assets			
Cash and cash equivalents		\$ 399.5	\$ 1,051.6
Gold bullion (market value \$215.4; December 31, 2011 – \$210.9)	7	96.9	96.8
Receivables and other current assets	8	150.5	155.9
Inventories	9	245.9	239.1
		892.8	1,543.4
Non-current assets			
Investments in associates		24.6	16.3
Mining assets	10	2,424.6	1,881.6
Exploration and evaluation assets	11	561.0	356.5
Goodwill		256.7	256.7
Other non-current assets	12	332.6	295.2
		3,599.5	2,806.3
		\$ 4,492.3	\$ 4,349.7
Liabilities and Equity			
Current liabilities			
Accounts payable and accrued liabilities		\$ 219.1	\$ 206.0
Income and mining taxes payable		63.4	86.7
Dividends payable		54.7	47.0
Current portion of asset retirement obligations	15(a)	5.1	6.3
Current portion of other non-current liabilities		1.5	6.6
		343.8	352.6
Non-current liabilities			
Deferred income and mining tax liabilities	17	239.2	234.8
Asset retirement obligations	15(a)	224.2	215.9
Other non-current liabilities		19.6	17.5
		483.0	468.2
		826.8	820.8
Equity			
Equity attributable to IAMGOLD Corporation shareholders			
Common shares	18	2,311.0	2,308.6
Contributed surplus		23.3	19.9
Retained earnings		1,230.0	1,104.9
Fair value reserve		41.1	41.1
		3,605.4	3,474.5
Non-controlling interests		60.1	54.4
		3,665.5	3,528.9
Commitments and contingencies	26		
		\$ 4,492.3	\$ 4,349.7

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

CONSOLIDATED STATEMENTS OF EARNINGS

Unaudited (In millions of U.S. dollars, except per share amounts)	Notes	Three months ended June 30,		Six months ended June 30,	
		2012	2011	2012	2011
Revenues		\$ 410.6	\$ 345.7	\$ 814.8	\$ 759.7
Mining costs	21	250.1	200.0	465.7	409.5
General and administrative expenses	22	13.9	11.0	26.6	23.4
Exploration and evaluation expenses		23.1	18.0	43.3	31.9
Other		1.3	0.8	1.9	1.4
Operating costs		288.4	229.8	537.5	466.2
Earnings from operations		122.2	115.9	277.3	293.5
Share of net earnings from investments in associates (net of income tax)		5.5	-	8.3	-
Finance costs	23	(1.7)	(2.0)	(4.3)	(3.7)
Foreign exchange gains (losses)		0.7	5.1	11.0	(0.2)
Interest income and derivatives and other investment gains (losses)	24	(16.7)	8.5	(2.1)	23.4
Earnings from continuing operations before income and mining taxes		110.0	127.5	290.2	313.0
Income and mining tax expenses	17	(49.1)	(47.4)	(100.3)	(90.8)
Net earnings from continuing operations		60.9	80.1	189.9	222.2
Net earnings from discontinued operations	6(c)	-	404.4	-	424.6
Net earnings		\$ 60.9	\$ 484.5	\$ 189.9	\$ 646.8
Net earnings from continuing operations attributable to:					
Equity holders of IAMGOLD Corporation		\$ 52.9	\$ 74.5	\$ 172.1	\$ 207.7
Non-controlling interests		8.0	5.6	17.8	14.5
		\$ 60.9	\$ 80.1	\$ 189.9	\$ 222.2
Net earnings attributable to:					
Equity holders of IAMGOLD Corporation		\$ 52.9	\$ 478.9	\$ 172.1	\$ 632.3
Non-controlling interests		8.0	5.6	17.8	14.5
		\$ 60.9	\$ 484.5	\$ 189.9	\$ 646.8
Attributable to equity holders of IAMGOLD Corporation					
Weighted average number of common shares outstanding (in millions)	19				
Basic		376.1	374.9	376.0	374.2
Diluted		376.6	376.5	376.7	376.0
Earnings from continuing operations per share (\$ per share)					
Basic		\$ 0.14	\$ 0.20	\$ 0.46	\$ 0.56
Diluted		\$ 0.14	\$ 0.20	\$ 0.46	\$ 0.55
Earnings per share (\$ per share)					
Basic		\$ 0.14	\$ 1.28	\$ 0.46	\$ 1.69
Diluted		\$ 0.14	\$ 1.27	\$ 0.46	\$ 1.68

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Unaudited (In millions of U.S. dollars)	Notes	Three months ended June 30,		Six months ended June 30,	
		2012	2011	2012	2011
Net earnings		\$ 60.9	\$ 484.5	\$ 189.9	\$ 646.8
Other comprehensive income (loss), net of tax					
Net unrealized change in fair value of available-for-sale financial assets, net of tax	13(a)(i)	(14.0)	(10.8)	(4.8)	5.5
Net realized change in fair value and impairment of available-for-sale financial assets, net of tax	13(a)(i)	5.7	(0.5)	4.8	(0.8)
Total other comprehensive income (loss)		(8.3)	(11.3)	-	4.7
Comprehensive income		\$ 52.6	\$ 473.2	\$ 189.9	\$ 651.5
Comprehensive income from continuing operations		\$ 52.6	\$ 68.8	\$ 189.9	\$ 226.9
Comprehensive income from discontinued operations	6(c)	-	404.4	-	424.6
Comprehensive income		\$ 52.6	\$ 473.2	\$ 189.9	\$ 651.5
Comprehensive income attributable to:					
Equity holders of IAMGOLD Corporation		\$ 44.6	\$ 467.6	\$ 172.1	\$ 637.0
Non-controlling interests		8.0	5.6	17.8	14.5
		\$ 52.6	\$ 473.2	\$ 189.9	\$ 651.5

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

		Attributable to Equity Holders of IAMGOLD Corporation						
Unaudited (In millions of U.S. dollars)		Common Shares	Contributed Surplus	Retained Earnings	Fair Value Reserve	Total	Non- controlling Interests	Total Equity
At December 31, 2011	Notes	\$ 2,308.6	\$ 19.9	\$1,104.9	\$ 41.1	\$3,474.5	\$ 54.4	\$3,528.9
Net earnings		-	-	172.1	-	172.1	17.8	189.9
Total other comprehensive income		-	-	-	-	-	-	-
Total comprehensive income		-	-	172.1	-	172.1	17.8	189.9
Issued shares on exercise of share-based payments	18	2.4	(0.7)	-	-	1.7	-	1.7
Share-based payments	20	-	4.1	-	-	4.1	-	4.1
Dividends		-	-	(47.0)	-	(47.0)	(12.1)	(59.1)
Total transactions with owners		2.4	3.4	(47.0)	-	(41.2)	(12.1)	(53.3)
At June 30, 2012		\$ 2,311.0	\$ 23.3	\$1,230.0	\$ 41.1	\$3,605.4	\$ 60.1	\$3,665.5

At December 31, 2010		\$ 2,255.5	\$ 18.8	\$ 383.6	\$ 43.3	\$2,701.2	\$ 56.9	\$2,758.1
Net earnings		-	-	632.3	-	632.3	14.5	646.8
Total other comprehensive income		-	-	-	4.7	4.7	-	4.7
Total comprehensive income		-	-	632.3	4.7	637.0	14.5	651.5
Issued shares, net of issue costs		34.6	-	-	-	34.6	-	34.6
Issued shares on exercise of share-based payments		7.7	(2.1)	-	-	5.6	-	5.6
Share-based payments	20	-	3.4	-	-	3.4	-	3.4
Dividends		-	-	(37.5)	-	(37.5)	(11.7)	(49.2)
Disposal of a subsidiary – La Arena project	5	-	-	-	-	-	(27.5)	(27.5)
Total transactions with owners		42.3	1.3	(37.5)	-	6.1	(39.2)	(33.1)
At June 30, 2011		\$ 2,297.8	\$ 20.1	\$ 978.4	\$ 48.0	\$3,344.3	\$ 32.2	\$3,376.5

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

Unaudited (In millions of U.S. dollars)	Notes	Three months ended June 30,		Six months ended June 30,	
		2012	2011	2012	2011
Operating activities					
Net earnings from continuing operations		\$ 60.9	\$ 80.1	\$ 189.9	\$ 222.2
Adjustments for:					
Finance costs	23	1.7	2.0	4.3	3.7
Depreciation, depletion and amortisation		45.2	32.3	85.7	74.5
Changes in estimates of asset retirement obligations at closed sites	15(a)	3.6	-	0.5	-
Income and mining tax expenses		49.1	47.4	100.3	90.8
Unrealized impact of foreign exchange on cash and cash equivalents		2.5	0.8	(3.3)	(0.8)
Other non-cash items	25(a)	15.5	(11.7)	3.1	(19.8)
Adjustments for cash items	25(b)	(2.5)	(1.7)	(2.5)	(2.4)
Movements in non-cash working capital items and non-current ore stockpiles	25(c)	(19.7)	(64.2)	(35.1)	(79.7)
Cash generated from operating activities		156.3	85.0	342.9	288.5
Interest paid		(0.7)	(0.9)	(1.5)	(1.6)
Income and mining taxes paid		(102.9)	(71.9)	(118.4)	(75.7)
Net cash from operating activities		52.7	12.2	223.0	211.2
Investing activities					
Mining assets		(170.9)	(56.1)	(302.9)	(84.6)
Exploration and evaluation assets		(0.9)	(36.6)	(1.6)	(60.5)
Acquisition of the Côte Gold project	4	(480.4)	-	(480.4)	-
Other investing activities	25(d)	(29.7)	(5.7)	(39.8)	(13.9)
Net cash proceeds from disposals of non-core assets	25(e)	-	667.0	-	715.8
Net cash from (used in) investing activities		(681.9)	568.6	(824.7)	556.8
Financing activities					
Issuance of shares, net of issue costs		0.2	3.8	1.7	47.0
Dividends paid		(2.1)	(2.1)	(50.9)	(33.4)
Financing costs	16	(0.2)	-	(4.5)	-
Net cash from (used in) financing activities		(2.1)	1.7	(53.7)	13.6
Impact of foreign exchange on cash and cash equivalents		(2.5)	(0.8)	3.3	0.8
Net cash used in discontinued operations	6(d)	-	(11.7)	-	(5.7)
Increase (decrease) in cash and cash equivalents		(633.8)	570.0	(652.1)	776.7
Cash and cash equivalents, beginning of the period		1,033.3	477.5	1,051.6	270.8
Cash and cash equivalents, end of the period		\$ 399.5	\$ 1,047.5	\$ 399.5	\$ 1,047.5

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

NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED JUNE 30, 2012 AND 2011

(Amounts in notes and in tables are in millions of U.S. dollars, except where otherwise indicated) (Unaudited)

1. CORPORATE INFORMATION

IAMGOLD Corporation (“IAMGOLD” or “the Company”) is a limited liability company incorporated and domiciled in Canada whose shares are publicly traded. The address of the Company’s registered office is 401 Bay Street, Suite 3200, Toronto, Ontario, Canada.

The principal activities of the Company are the exploration for, development and operation of gold mining properties, and the operation of a niobium mine.

2. BASIS OF PREPARATION

(a) Statement of compliance

The unaudited condensed consolidated interim financial statements (“consolidated interim financial statements”) of IAMGOLD and all its subsidiaries, joint ventures and associates, as at and for the second quarter ended June 30, 2012, have been prepared in accordance with IAS 34, Interim Financial Reporting, and do not include all of the information required for full annual consolidated financial statements. Accordingly certain information and disclosures normally included in annual financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”), have been omitted or condensed.

The consolidated interim financial statements of IAMGOLD were authorized for issue in accordance with a resolution of the Board of Directors on August 13, 2012.

(b) Significant accounting judgments, estimates and assumptions

The preparation of consolidated interim financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated interim financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management’s experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

(c) Significant accounting policies

These consolidated interim financial statements 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, 2011.

(d) Basis of consolidation

Subsidiaries and joint ventures related to significant properties of the Company are accounted for as follows:

Name	Property – Location	June 30, 2012	December 31, 2011	Accounting Method
Rosebel Gold Mines N.V.	Rosebel mine – Suriname	95%	95%	Consolidation
Essakane S.A.	Essakane mine – Burkina Faso	90%	90%	Consolidation
Doyon division including the Westwood project ¹	Doyon division – Canada	100%	100%	Consolidation
Niobec Inc.	Niobec mine – Canada	100%	100%	Consolidation
Trelawney Mining and Exploration Acquisition Inc. ²	Côté Gold project – Canada	100%	-	Consolidation
IAMGOLD Ecuador S.A.	Quimsacocha project – Ecuador	100%	100%	Consolidation
Société d’Exploitation des Mines d’Or de Sadiola S.A.	Sadiola mine – Mali	41%	41%	Proportional consolidation
Société d’Exploitation des Mines d’Or de Yatela S.A.	Yatela mine – Mali	40%	40%	Proportional consolidation

¹ Division of IAMGOLD Corporation.

² On June 21, 2012, IAMGOLD acquired all of the outstanding common shares of Trelawney Mining and Exploration Inc. which is a Canadian junior mining and exploration company that owns the Côté Gold project located adjacent to the Swayze Greenstone Belt in northern Ontario, Canada.

3. FUTURE ACCOUNTING POLICIES

The following new standards, and amendment to standards and interpretations, were not yet effective for the second quarter ended June 30, 2012, and have not been applied in preparing these consolidated interim financial statements. They are summarised as follows:

IFRS 9 – Financial instruments

The IASB has issued IFRS 9, Financial Instruments, which is a four-part project proposing to replace IAS 39, Financial Instruments: Recognition and Measurement. IFRS 9 is planned to be effective on January 1, 2015. The Company is in the process of evaluating the impact of the change to its consolidated financial statements as a result of the new standard.

IFRS 10 – Consolidated financial statements

The IASB recently issued its new suite of consolidation and related standards, replacing the existing accounting for subsidiaries and joint ventures (now joint arrangements), and making limited amendments in relation to associates. IFRS 10 supersedes IAS 27, Consolidated and separate financial statements, and SIC 12, Consolidation – Special purpose entities. IFRS 10 will be effective January 1, 2013 and early adoption is permitted. The Company is in the process of evaluating the requirements of the new standard.

IFRS 11 – Joint arrangements, and IAS 28 – Amended standard on associates and joint ventures

The IASB replaced the existing guidance for joint ventures (new arrangements) and made limited amendments in relation to associates and the application of the equity method of accounting. Under IFRS 11, joint arrangements are now classified as either joint operations or joint ventures, depending upon the rights and obligations of the parties to the arrangement.

Limited amendments were made to IAS 28 regarding associates and joint ventures held for sale and changes in interests held in associates and joint ventures. Under IFRS 11, joint ventures will be accounted for using the equity method instead of proportionate consolidation.

IFRS 11 and IAS 28 (2011) will be effective January 1, 2013 and early adoption is permitted. The Company will apply this new standard in relation to its joint ventures, Sadiola and Yatela. The Company is in the process of evaluating the requirements of the new standards.

IFRS 12 – Disclosure of interests in other entities

IFRS 12 replaces the existing disclosure requirements for entities that have interests in subsidiaries, joint arrangements, and associates. IFRS 12 contains disclosure requirements for entities that have interests in unconsolidated structured entities. IFRS 12 will be effective January 1, 2013. The Company is in the process of evaluating the requirements of the new standard.

IFRS 13 – Fair value measurement

IFRS 13 replaces the fair value measurement guidance contained in individual IFRS with a single source of fair value measurement guidance, and defines value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, i.e. an exit price. IFRS 13 is applicable prospectively starting January 1, 2013 and early application is permitted. The Company is in the process of evaluating the requirements of the new standard.

IFRIC 20 – Stripping costs in the production phase of a surface mine

IFRIC 20 provides guidance on the accounting for the costs of stripping activity in the production phase of surface mining in situations where the following benefits accrue to the entity from the stripping activity: usable ore that can be used to produce inventory and improved access to further quantities of material that will be mined in future periods. IFRIC 20 is applicable for annual period beginning on or after January 1, 2013 and early application is permitted. The Company is in the process of evaluating the requirements of the new standard.

4. ACQUISITION

Trelawney – Côté Gold project

On June 21, 2012, IAMGOLD acquired all of the outstanding common shares of Trelawney Mining and Exploration Inc. ("Trelawney"). Trelawney is a Canadian junior mining and exploration company that owns the Côté Gold project located adjacent to the Swayze Greenstone Belt in northern Ontario, Canada.

For each common share of Trelawney, IAMGOLD paid C\$3.30 in cash. The total purchase price amounted to \$542.6 million. Transaction costs were \$6.2 million and cash and cash equivalents acquired were \$57.9 million.

Prior to the acquisition, IAMGOLD's investment in Trelawney was designated as available-for-sale marketable securities. The fair value of the investment on the date of the acquisition of \$56.9 million has been included as part of consideration for the transaction.

In accordance with IFRS 3, Business Combinations, a business combination is a transaction in which an acquirer obtains control of a business which is defined as an integrated set of activities and assets that is capable of being conducted and managed to provide a return to investors. For an integrated set of activities and assets to be considered a business, the set needs to contain inputs, and processes. This acquisition does not meet the definition of a business combination as the primary asset (Côté Gold project) is an exploration stage property with inferred resources. Consequently, the transaction has been recorded as an acquisition of an asset.

The total purchase price was allocated to the assets acquired and the liabilities assumed based on the fair value of the total consideration at the closing date of acquisition. All financial assets acquired and financial liabilities assumed were recorded at fair value.

Assets acquired and liabilities assumed	
Current assets	\$ 4.8
Mining assets	7.6
Exploration and evaluation assets	532.7
Other non-current assets	0.8
Current liabilities	(2.6)
Asset retirement obligations	(0.4)
Other non-current liabilities	(0.3)
	<hr/>
	\$ 542.6
Consideration paid	
Cash payment	\$ 538.3
Less: Cash and cash equivalents acquired	(57.9)
Cash consideration	<hr/>
	480.4
Accrued transaction costs	5.3
Initial private placement investment	56.9
	<hr/>
	\$ 542.6

5. DIVESTITURES

La Arena project

On February 9, 2011, IAMGOLD sold to Rio Alto Mining Limited all of the outstanding shares of La Arena S.A. (the La Arena project in Peru) for a cash payment of \$48.8 million resulting in an after-tax gain of \$10.5 million.

6. DISCONTINUED OPERATIONS

(a) Tarkwa and Damang mines

On June 22, 2011, IAMGOLD sold its 18.9% interests in the Tarkwa and Damang gold mines in Ghana, West Africa to Gold Fields Limited for gross proceeds of \$667.0 million and recorded an after-tax gain on this sale of \$402.6 million in the second quarter 2011. Interests in Tarkwa and Damang mines were accounted for as investments in associates using the equity method. The Company ceased the equity method accounting as of the date of the agreement, April 15, 2011.

(b) Mupane mine

On August 31, 2011, the Company sold its wholly owned investment in Gallery Gold (Pty) Ltd. which held the Company's interest in the Mupane gold mine ("Mupane mine") for \$34.2 million resulting in a gain on disposal of \$5.3 million (before income tax) during the third quarter 2011. The proceeds consisted of \$12.5 million in cash, a \$3.8 million promissory note, payable over three years at an annual interest rate of 6%, and 21,875,000 common shares of Galane Gold Ltd. ("Galane") valued at \$17.9 million, representing approximately 48.5% of the outstanding shares of Galane. The tax impact of the sale was a recovery of \$1.5 million.

(c) Net earnings from discontinued operations

Results and gains on disposal of these discontinued operations are presented separately as net earnings from discontinued operations attributable to equity holders of IAMGOLD in the consolidated statements of earnings.

	Three months ended June 30, 2011	Six months ended June 30, 2011
Tarkwa and Damang mines		
Share of earnings from investments in associates	\$ -	\$ 21.0
Gain on sale of investments in associates	402.6	402.6
Net earnings from the Tarkwa and Damang mines	402.6	423.6
Mupane mine		
Revenues	19.3	37.7
Mining costs	(14.9)	(35.8)
Derivative loss on gold hedging contracts	(2.6)	(0.9)
Net earnings from the Mupane mine	1.8	1.0
	\$ 404.4	\$ 424.6

(d) Net cash used in discontinued operations

	Three months ended June 30, 2011	Six months ended June 30, 2011
Cash flow from (used in):		
Operating activities	\$ 3.5	\$ 10.4
Investing activities	(2.7)	(3.6)
Net cash from discontinued operations	0.8	6.8
Cash and cash equivalents held for sale	(12.5)	(12.5)
	\$ (11.7)	\$ (5.7)

7. GOLD BULLION

		June 30, 2012	December 31, 2011
Ounces held	(oz)	134,738	134,636
Weighted average acquisition cost	(\$/oz)	\$ 720.0	\$ 719.0
Acquisition cost	(\$ millions)	\$ 96.9	\$ 96.8
End of period spot price for gold	(\$/oz)	\$ 1,599.0	\$ 1,566.0
End of period market value	(\$ millions)	\$ 215.4	\$ 210.9

8. RECEIVABLES AND OTHER CURRENT ASSETS

	June 30, 2012	December 31, 2011
Gold trade receivables	\$ 15.6	\$ 24.0
Settlement receivables from sales of niobium	19.0	19.2
Receivables from governments ¹	61.6	49.9
Royalty receivable	1.8	1.9
Other receivables	12.2	14.7
	110.2	109.7
Derivatives	2.8	4.6
Marketable securities – current portion	18.5	24.3
Warrants – current portion	2.5	-
Prepaid expenses	16.5	17.3
	\$ 150.5	\$ 155.9

¹ Receivables from governments related to taxes, mineral rights and exploration tax credits.

9. INVENTORIES

	June 30, 2012	December 31, 2011
Finished goods:		
Gold production inventories	\$ 45.3	\$ 38.7
Niobium production inventories	11.8	12.1
Gold in process	9.0	13.3
Ore stockpiles	10.1	16.5
Mine supplies	169.7	158.5
	245.9	239.1
Ore stockpiles included in other non-current assets	142.2	111.3
	\$ 388.1	\$ 350.4

Inventories are valued at the lower of cost and net realizable value. Net realizable value is the estimated selling price less the estimated costs to complete processing and sell finished goods. In the second quarter 2012, a write-down of Yatela gold in process inventory to net realizable value amounted to \$4.1 million (six months ended June 30, 2012 – \$7.7 million). There were no write-downs in the first six months of 2011. The amount of inventories recognised as an expense during the period is disclosed in note 21.

10. MINING ASSETS

	Mine and other construction in progress	Mining properties and deferred costs	Plant and equipment	Total
Cost				
As at December 31, 2010	\$ 42.4	\$ 1,737.0	\$ 1,156.8	\$ 2,936.2
Additions – continuing operations	96.1	70.1	78.8	245.0
Additions – discontinued operations	1.2	2.2	0.9	4.3
Change in asset retirement obligations	-	22.7	-	22.7
Disposals – continuing operations	-	(0.2)	(12.0)	(12.2)
Disposals – discontinued operations	(2.6)	(55.6)	(46.3)	(104.5)
Transfer within mining assets	(38.0)	28.7	9.3	-
Other	-	-	3.1	3.1
As at December 31, 2011	99.1	1,804.9	1,190.6	3,094.6
Additions	155.5	58.4	67.9	281.8
Acquisition of the Côté Gold project	-	-	7.6	7.6
Change in asset retirement obligations	-	6.7	-	6.7
Disposals	-	-	(3.7)	(3.7)
Transfer ¹	329.6	-	-	329.6
Transfer within mining assets	(50.9)	5.4	45.5	-
Other	-	-	1.4	1.4
As at June 30, 2012	\$ 533.3	\$ 1,875.4	\$ 1,309.3	\$ 3,718.0
Accumulated depreciation				
As at December 31, 2010	\$ -	\$ 731.4	\$ 416.1	\$ 1,147.5
Depreciation expense – continuing operations	-	71.7	78.6	150.3
Depreciation expense – discontinued operations	-	1.5	2.1	3.6
Disposals – continuing operations	-	(0.2)	(8.6)	(8.8)
Disposals – discontinued operations	-	(44.9)	(37.1)	(82.0)
Other	-	2.4	-	2.4
As at December 31, 2011	-	761.9	451.1	1,213.0
Depreciation expense	-	39.4	43.5	82.9
Disposals	-	-	(3.0)	(3.0)
Other	-	-	0.5	0.5
As at June 30, 2012	\$ -	\$ 801.3	\$ 492.1	\$ 1,293.4
Net book value as at December 31, 2011	\$ 99.1	\$ 1,043.0	\$ 739.5	\$ 1,881.6
Net book value as at June 30 2012	\$ 533.3	\$ 1,074.1	\$ 817.2	\$ 2,424.6

1 Upon determination of technical feasibility and commercial viability of a project, the related exploration and evaluation assets are transferred to mine and other construction in progress costs within mining assets. During the first quarter 2012, capitalised costs of the Westwood project were transferred from exploration and evaluation assets to mining assets.

11. EXPLORATION AND EVALUATION ASSETS

	June 30, 2012	December 31, 2011
Canada – Côté Gold project	\$ 532.7	\$ -
Canada – Westwood project	-	329.6
Ecuador – Quimsacocha project	28.3	26.9
	\$ 561.0	\$ 356.5
At December 31, 2010		
Exploration and evaluation expenditures		\$ 306.2
Transfers to mining assets		122.9
Disposal of the La Arena project		(1.5)
		(71.1)
At December 31, 2011		356.5
Exploration and evaluation expenditures		1.4
Acquisition of the Côté Gold project		532.7
Transfers to mining assets ¹		(329.6)
At June 30, 2012		\$ 561.0

¹ Upon determination of technical feasibility and commercial viability of a project, the related exploration and evaluation assets are transferred to mine and other construction in progress costs within mining assets. During the first quarter 2012, capitalised costs of the Westwood project were transferred from exploration and evaluation assets to mining assets.

Exploration and evaluation expenses in the consolidated statements of earnings amounted to \$23.1 million in the second quarter 2012 (\$43.3 million during the first six months of 2012) compared to \$18.0 million during the second quarter 2011 (\$31.9 million during the first six months of 2011).

12. OTHER NON-CURRENT ASSETS

	June 30, 2012	December 31, 2011
Receivables from governments ¹	\$ 17.6	\$ 11.3
Marketable securities – non-current portion	77.2	93.8
Warrants held as investments – non-current portion	1.1	10.1
Royalty interests	20.0	21.2
Ore stockpiles – non-current portion	142.2	111.3
Prepayment amounts on non-current assets	48.2	27.1
Other	26.3	20.4
	\$ 332.6	\$ 295.2

¹ Receivables from governments related to taxes, mineral rights and exploration tax credits.

13. FINANCIAL INSTRUMENTS

Financial assets (liabilities)	June 30, 2012		December 31, 2011	
	Carrying amount	Fair value	Carrying amount	Fair value
Cash and cash equivalents	\$ 399.5	\$ 399.5	\$ 1,051.6	\$ 1,051.6
Receivables ¹	110.2	110.2	109.7	109.7
Derivatives – Currency contracts	2.7	2.7	0.1	0.1
Derivatives – Currency contracts	-	-	(4.6)	(4.6)
Derivatives – Oil contracts	1.7	1.7	4.6	4.6
Derivatives – Aluminum contracts	(0.8)	(0.8)	(0.8)	(0.8)
Marketable securities	95.7	95.7	118.1	118.1
Warrants held as investments	3.6	3.6	10.1	10.1
Accounts payable and accrued liabilities	(219.1)	(219.1)	(206.0)	(206.0)

¹ Included in current assets.

(a) Available-for-sale financial assets and derivatives

(i) Marketable securities and warrants held as investments, and market price risk

If the fair value of a marketable security declines below its carrying amount, the Company performs qualitative and quantitative assessments of whether the impairment is either significant or prolonged. If an unrealized loss on an available-for-sale marketable security has been recognized in other comprehensive income (“OCI”) and it is deemed to be either significant or prolonged, any cumulative loss that had been recognized in OCI is reclassified as an impairment loss in the consolidated statements of earnings.

Once an available-for-sale marketable security has been impaired, all subsequent losses calculated as the difference between the acquisition cost and current fair value, less any previously recognized impairment loss, are recognized in the consolidated statements of earnings. If the fair value of a previously impaired available-for-sale marketable security subsequently recovers, the unrealized gain is recorded in OCI. Previously recorded impairment losses are not subject to reversal through the consolidated statements of earnings.

Movement in fair value reserve	Notes	Three months ended June 30,		Six months ended June 30,	
		2012	2011	2012	2011
Net unrealized change in fair value of available-for-sale financial assets:					
Unrealized gain (loss)		\$ (16.2)	\$ (11.9)	\$ (5.7)	\$ 7.7
Income and mining tax impact		2.2	1.1	0.9	(2.2)
		(14.0)	(10.8)	(4.8)	5.5
Net realized change in fair value of available-for-sale financial assets and impairment:					
Gain on sale	24	(3.7)	(0.6)	(9.3)	(0.9)
Impairment loss		10.3	-	14.9	-
Income and mining tax impact		(0.9)	0.1	(0.8)	0.1
		5.7	(0.5)	4.8	(0.8)
		\$ (8.3)	\$ (11.3)	\$ -	\$ 4.7

The Company has share purchase warrants held as investments. An unrealized loss of \$3.0 million related to the change in the fair value of these warrants held as investments was recorded in the consolidated statement of earnings in the second quarter 2012 (\$1.6 million during the first six months of 2012) compared to a loss of \$0.7 million during the second quarter 2011 (gain of \$2.1 million during the first six months of 2011).

(ii) Currency exchange rate risk

At June 30, 2012, the Company had outstanding contracts which did not qualify for hedge accounting for:

- Forward and option contracts for C\$522.0 million (\$516.1 million) hedging approximately 41% of its planned exposure to the Canadian dollar for the remainder of 2012 and 54% in 2013. Contract rates range from C\$0.97/\$ to C\$1.07/\$.
- Forward and option contracts for €186.0 million (\$229.5 million) hedging approximately 46% of its planned exposure to the Euro for the remainder of 2012 and 47% in 2013. Contract rates range from \$1.18/€ to \$1.35/€.
- Forward contracts for ZAR 23.1 million (\$2.6 million), hedging 100% of its planned exposure to the South African Rand for the remainder of 2012, at an average rate of ZAR 8.75/\$.

The fair value at June 30, 2012 was included in current and non-current assets.

Fair value	June 30, 2012	December 31, 2011
Canadian dollar (C\$)	\$ 1.7	\$ (4.3)
Euro (€)	0.9	(0.3)
South African Rand (ZAR)	0.1	0.1
	\$ 2.7	\$ (4.5)

Fair value adjustments (unrealized gain on contracts) and a realized loss on deliveries were recognized and recorded in derivative gain (loss).

	Three months ended June 30,		Six months ended June 30,	
	2012	2011	2012	2011
Unrealized gain on contracts	\$ 0.7	\$ 1.7	\$ 7.3	\$ 1.7
Realized loss	(1.7)	-	(1.9)	-
	\$ (1.0)	\$ 1.7	\$ 5.4	\$ 1.7

(iii) Oil contracts and fuel market price risk

At June 30, 2012, the Company had outstanding option contracts, which did not qualify for hedge accounting, covering approximately 57% of its estimated fuel exposure for the remainder of 2012 and approximately 60% in 2013. Contract prices range from \$70 to \$95 per barrel for crude oil. Planned fuel requirements are for the Rosebel, Essakane, Sadiola, Yatela, Niobec and Westwood operations.

The fair value at June 30, 2012 was included in current and non-current assets.

Fair value	Number of Barrels	June 30, 2012	December 31, 2011
Crude oil option contracts	864,600	\$ 1.7	\$ 4.4
Heating oil option contracts	-	-	0.2
	864,600	\$ 1.7	\$ 4.6

Changes in fair values and a realized gain (loss) resulted in a derivative gain (loss).

	Three months ended June 30,		Six months ended June 30,	
	2012	2011	2012	2011
Unrealized gain (loss) on contracts	\$ (2.8)	\$ 0.6	\$ (1.9)	\$ 0.6
Realized gain (loss)	(0.1)	-	0.4	-
	\$ (2.9)	\$ 0.6	\$ (1.5)	\$ 0.6

(iv) Aluminum contracts and market price risk

At June 30, 2012, the Company had outstanding swap contracts, which did not qualify for hedge accounting, hedging approximately 72% of its planned aluminum exposure for the remainder of 2012 and approximately 49% in 2013 at the Niobec mine. The fair value of outstanding contracts as at June 30, 2012 was included in other current liabilities for the contracts expiring within 12 months and in other non-current liabilities for the other contracts. The valuation of these contracts was based on an average aluminum contract price between \$2,146 per metric tonne and \$2,209 per metric tonne for the 2012 and 2013 consumption.

Fair value	Number of metric tonnes	June 30, 2012	December 31, 2011
Aluminum contracts	3,700	\$ (0.8)	\$ (0.8)

Changes in fair values and a realized gain (loss) resulted in a derivative gain (loss) as follows:

	Three months ended June 30,		Six months ended June 30,	
	2012	2011	2012	2011
Unrealized loss on contracts	\$ (0.7)	\$ (0.1)	\$ -	\$ -
Realized gain (loss)	(0.3)	0.1	(0.5)	0.1
	\$ (1.0)	\$ -	\$ (0.5)	\$ 0.1

(b) Derivative gain (loss)

The derivative gain (loss) is included in interest income, derivatives and other investment gains (losses) in the consolidated statements of earnings.

	Three months ended June 30,		Six months ended June 30,	
	2012	2011	2012	2011
Unrealized change in fair value of:				
Derivative – Currency contracts	\$ 0.7	\$ 1.7	\$ 7.3	\$ 1.7
Derivative – Oil contracts	(2.8)	0.6	(1.9)	0.6
Derivative – Aluminum contracts	(0.7)	(0.1)	-	-
Other (warrants held as investments and embedded derivatives)	(3.0)	(0.8)	(1.6)	2.0
Unrealized derivative gain (loss)	(5.8)	1.4	3.8	4.3
Realized gain (loss) on:				
Derivative – Currency contracts	(1.7)	-	(1.9)	-
Derivative – Oil contracts	(0.1)	-	0.4	-
Derivative – Aluminum contracts	(0.3)	0.1	(0.5)	0.1
Realized derivative gain (loss)	(2.1)	0.1	(2.0)	0.1
	\$ (7.9)	\$ 1.5	\$ 1.8	\$ 4.4

14. CAPITAL MANAGEMENT

	June 30, 2012	December 31, 2011
Cash and cash equivalents	\$ 399.5	\$ 1,051.6
Gold bullion at market value	\$ 215.4	\$ 210.9
Common shares	\$ 2,311.0	\$ 2,308.6

At June 30, 2012, the Company's cash and cash equivalents, and gold bullion position valued at the quarter-end gold market price, was \$614.9 million (December 31, 2011 – \$1,262.5 million). This decrease was mainly due to the acquisition of the Côté Gold project, capital expenditures related to mining assets and exploration and evaluation assets, the payment of dividends and the acquisition of investments, offset partially by net cash generated from operating activities.

In February 2012, the Company amended its credit facility agreement (note 16). IAMGOLD has a short form base shelf prospectus qualifying the distribution of securities of up to \$1 billion (filed in July 2011).

In January 2012, the Company paid the 2011 semi-annual dividend of \$0.125 per share totaling \$47.0 million. In June 2012, the Company declared a semi-annual dividend in the amount of \$0.125 per share payable on July 13, 2012 of \$47.0 million. Dividends payable at the end of June 2012 also include additional dividends of \$7.7 million related to subsidiaries' dividends to non-controlling interests. In the second quarter 2012, additional dividends paid of \$2.1 million (first six months of 2012 – \$3.9 million) were related to subsidiaries' dividends to non-controlling interests.

15. PROVISIONS

(a) Asset retirement obligations

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

	2012
Balance, December 31, 2011	\$ 222.2
Acquisition of the Côté Gold project	0.4
Revision in estimated discount rates:	
Capitalized in mining assets	6.7
Expensed in mining costs (related to closed sites)	0.5
Accretion expense ¹	0.8
Disbursements	(1.3)
Balance, June 30, 2012	229.3
Less current portion	(5.1)
Non-current portion	\$ 224.2

¹ Included in finance costs.

At June 30, 2012, the Company had letters of credit in the amount of \$66.1 million to guarantee asset retirement obligations compared to \$17.9 million at December 31, 2011. The increase in collateral support to guarantee asset retirement obligations was the result of Quebec, Canada regulators accepting a revised asset retirement plan. The Company also has cash legally restricted of \$2.8 million included in other non-current assets for the purposes of settling asset retirement obligations.

(b) Provisions for litigation claims

By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events.

The Company is subject to various litigation actions. In-house counsel and outside legal advisors assess the potential outcome of the litigation and the Company establishes provisions for future disbursements considered probable. At June 30, 2012, the Company does not have any material provisions for litigation claims.

16. CREDIT FACILITY

On February 22, 2012, the Company amended and increased its \$350.0 million unsecured revolving credit facility to a four-year, \$500.0 million unsecured revolving credit facility. The key amendments include an increase in commitments, an increase in tenor, a reduction in borrowing costs and fees, and improved financing conditions. The amended credit facility provides for an interest rate margin above London Interbank Offered Rate ("LIBOR"), banker's acceptance ("BA") prime rate and base rate advances which varies according to the total net debt ratio. Fees related to the credit facility vary according to the total debt ratio. This credit facility is guaranteed by some of the Company's subsidiaries. The maturity date of this amended credit facility is February 22, 2016 with a provision to extend the maturity date for a period of one year.

On February 22, 2012, the Company amended and increased its \$50.0 million revolving facility for the issuance of letters of credit to \$75.0 million. The amended revolving credit facility provides for a fixed interest rate charge of 0.25% per annum on utilized amounts and standby fees of 0.06% per annum for the unutilized portion of the facility. This revolving credit facility is guaranteed and secured by a Performance Security Guarantee underwritten by Export Development Canada (“EDC”). The maturity date of this credit facility is April 22, 2013 with a provision to extend the maturity date for a period of one year. At June 30, 2012, the Company had letters of credit in the amount of \$66.1 million to guarantee certain asset retirement obligations compared to \$17.9 million at December 31, 2011.

On February 22, 2012, Niobec Inc., a wholly-owned subsidiary of the Company, entered into a four-year \$250.0 million unsecured revolving credit facility to be used for general corporate requirements including working capital requirements and expansion of existing facilities of Niobec. The credit facility provides for an interest rate margin above LIBOR, BA prime rate and base rate advances, which varies according to the total debt ratio. Fees related to the credit facility vary according to the total debt ratio. This credit facility is guaranteed by the Company and some of the Company’s subsidiaries. The maturity date of this credit facility is February 22, 2016 with a provision to extend the maturity date for a period of one year.

At June 30, 2012 and December 31, 2011, no funds were drawn against these credit facilities. The Company has complied with its credit facility covenants as of June 30, 2012.

Credit facility issue costs

Credit facility issue costs of \$4.5 million are capitalized in other non-current assets. Amortisation is calculated on a straight-line basis over the term of the credit facility. The remaining capitalised issue costs related to the old credit facilities of \$1.2 million were expensed and included in finance costs. The carrying amount of credit facilities issue costs at June 30, 2012 was \$4.2 million.

17. INCOME AND MINING TAXES

The Company estimates the effective income and mining tax rate, including the impact of changes in exchange rates for foreign currency, expected to be applicable for the full fiscal year and uses that rate to calculate the income tax expense for interim reporting periods. The Company recognizes the tax impact of changes in the non-recognition of losses, enacted tax rates and other items as discrete items in the interim period in which they occur.

The effective income and mining tax rate varies from combined Canadian federal and provincial statutory income tax rate of 34% for the second quarter ended June 30, 2012 (34% for the first six months of 2012), and 33% for the second quarter ended June 30, 2011 (33% for the first six months of 2011), due to changes in exchange rates for foreign currency, the non-recognition of losses and other discrete items.

18. SHARE CAPITAL

(a) Authorized

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

(b) Issued and outstanding common shares

	Notes	Number of shares	
		2012	2011
Outstanding, December 31		375,918,655	372,849,289
Issuance of flow-through shares		-	1,700,000
Exercise of options	20(a)	184,125	535,904
Release of restricted share units and performance share units	20(b)	20,625	49,709
Outstanding, June 30		376,123,405	375,134,902

19. EARNINGS PER SHARE

Basic earnings per share computation

	Three months ended June 30,		Six months ended June 30,	
	2012	2011	2012	2011
Numerator:				
Net earnings from continuing operations attributable to equity holders of IAMGOLD	\$ 52.9	\$ 74.5	\$ 172.1	\$ 207.7
Net earnings attributable to equity holders of IAMGOLD	\$ 52.9	\$ 478.9	\$ 172.1	\$ 632.3
Denominator:				
Weighted average number of common shares (basic)	376,089,577	374,893,521	376,029,239	374,249,523
Basic earnings from continuing operations attributable to equity holders of IAMGOLD per share (\$/share)	\$ 0.14	\$ 0.20	\$ 0.46	\$ 0.56
Basic earnings attributable to equity holders of IAMGOLD per share (\$/share)	\$ 0.14	\$ 1.28	\$ 0.46	\$ 1.69

Diluted earnings per share computation

	Three months ended June 30,		Six months ended June 30,	
	2012	2011	2012	2011
Denominator:				
Weighted average number of common shares (basic)	376,089,577	374,893,521	376,029,239	374,249,523
Dilutive effect of employee share options	376,734	1,545,051	552,616	1,696,102
Dilutive effect of employee restricted share units	141,667	83,805	148,688	84,401
Dilutive effect of employees performance share units	-	4,341	-	2,660
Weighted average number of common shares (diluted)	376,607,978	376,526,718	376,730,543	376,032,686
Diluted earnings from continuing operations attributable to equity holders of IAMGOLD per share (\$/share)	\$ 0.14	\$ 0.20	\$ 0.46	\$ 0.55
Diluted earnings attributable to equity holders of IAMGOLD per share (\$/share)	\$ 0.14	\$ 1.27	\$ 0.46	\$ 1.68

Equity instruments excluded from the computation of diluted earnings per share which could be dilutive:

	Three months ended June 30,		Six months ended June 30,	
	2012	2011	2012	2011
Share options	3,071,712	258,121	3,057,412	224,621
Performance share units	217,843	-	217,843	-
Restricted share units	207,140	-	-	-
	3,496,695	258,121	3,275,255	224,621

20. SHARE-BASED PAYMENTS

The amount of share-based payments is recorded in general and administrative expenses.

	Three months ended June 30,		Six months ended June 30,	
	2012	2011	2012	2011
Share option plan	\$ 1.3	\$ 1.3	\$ 2.4	\$ 2.7
Share bonus plan	0.2	0.1	0.4	0.2
Deferred share plan	0.8	0.3	1.3	0.5
	\$ 2.3	\$ 1.7	\$ 4.1	\$ 3.4

(a) Share option plan

At June 30, 2012, the total number of shares reserved for the grants of share options was 20,257,401. At June 30, 2012, the shares that remained in reserve were 6,931,896 of which 4,537,667 were outstanding and 2,394,229 were unallocated.

	Options	Weighted Average Exercise Price (C\$) ¹
Outstanding, December 31, 2011	3,542,646	\$ 13.25
Granted	1,280,535	13.42
Exercised	(184,125)	9.31
Forfeited	(101,389)	13.06
Outstanding, June 30, 2012	4,537,667	\$ 13.46
Exercisable, June 30, 2012	2,207,696	\$ 11.69

¹ All exercise prices are denominated in Canadian dollars. At June 30, 2012, the exchange rate between U.S. dollar and Canadian dollar was C\$1.0165/U.S.\$.

The following are the weighted average inputs to the Black-Scholes model used in determining fair value for options granted in the first six months of 2012. The estimated fair value of the options is expensed over their vesting period of five years.

Six months ended June 30, 2012	Share option
Weighted average risk-free interest rate	2%
Weighted average expected volatility ¹	45%
Weighted expected dividend yield	1.86%
Weighted average expected life of options issued (years)	5.0
Weighted average grant-date fair value (C\$ per share)	\$ 4.63
Weighted average share price at grant date (C\$ per share)	\$ 13.39
Weighted average exercise price (C\$ per share)	\$ 13.42

¹ Expected volatility is estimated by considering historic average share price volatility based on the average expected life of the options.

(b) Other share-based payment plans

i. Reserves

Share bonus plan

The Company has a share bonus plan for employees and directors with a maximum allotment of 740,511 common shares. In 2012, the Company's Board of Directors approved a reallocation of 140,511 common shares from the share purchase plan reserve to the share bonus plan reserve. At June 30, 2012, the shares that remained in reserve were 448,814 of which 168,622 were outstanding and 280,192 are unallocated.

A summary of the status of the Company's restricted share units issued to employees under the share bonus plan reserve and changes during the first six months of 2012 is presented below.

Outstanding, December 31, 2011	182,259
Forfeited	(13,637)
Outstanding, June 30, 2012	168,622

During the first six months of 2012, no restricted share units were issued to directors under the share bonus plan reserve.

Deferred share plan

The Company has a deferred share plan for employees whereby a maximum of 2,359,489 common shares may be awarded. In 2012, the Company's Board of Directors approved a reallocation of 859,489 common shares from the share purchase plan reserve to the deferred share plan reserve. In addition, the Company's shareholders approved an increase of 1,000,000 common shares in the deferred share plan reserve. At June 30, 2012, the shares that remained in reserve were 2,241,291 of which 819,154 are outstanding and 1,422,137 are unallocated.

Restricted share units

A summary of the status of the Company's restricted share units issued under the deferred share plan reserve and changes during the first six months of 2012 is presented below.

Outstanding, December 31, 2011	246,103
Granted	415,855
Issued	(20,625)
Forfeited	(40,022)
Outstanding, June 30, 2012	601,311

Performance share units

A summary of the status of the Company's performance share units issued under the deferred share plan reserve and changes during the first six months of 2012 is presented below.

Outstanding, December 31, 2011	62,438
Granted	156,287
Forfeited	(882)
Outstanding, June 30, 2012	217,843

ii. Summary of Awards

Restricted share units

The following are the weighted average inputs to the model used in determining fair value for restricted share units granted in the first six months of 2012. The estimated fair value of the awards is expensed over their vesting period.

Six months ended June 30, 2012	Restricted share units
Risk-free interest rate	1%
Expected volatility ¹	42%
Dividend yield	1.9%
Weighted average expected life of units issued (years)	2.9
Weighted average grant-date fair value (C\$ per share)	\$ 12.48
Weighted average share price at grant date (C\$ per share)	\$ 13.18
Model used	Black-Scholes

¹ Expected volatility is estimated by considering historic average share price volatility adjusted for market fluctuations.

Performance share units

The following are the weighted average inputs to the model used in determining fair value for performance share units granted in the first six months of 2012. The estimated fair value of the awards is expensed over their vesting period.

Six months ended June 30, 2012	Performance share units
Risk-free interest rate	1%
Expected volatility ¹	42%
Weighted average expected life of units issued (years)	2.9
Weighted average grant-date fair value (C\$ per share)	\$ 10.92
Weighted average share price at grant date (C\$ per share)	\$ 13.67
Model used	Monte Carlo

¹ Expected volatility is estimated by considering historic average share price volatility adjusted for market fluctuations.

21. MINING COSTS

Mining costs include but are not limited to mine production, transport and smelter processing costs, royalty expenses, applicable site administrative costs, applicable stripping costs, depreciation, depletion and amortisation, and changes in estimates of asset retirement obligations at closed sites.

	Three months ended June 30,		Six months ended June 30,	
	2012	2011	2012	2011
Operating costs – mines	\$ 191.6	\$ 180.5	\$ 369.1	\$ 338.4
Royalties	18.9	17.4	38.9	35.7
Total operating costs – mines	210.5	197.9	408.0	374.1
Inventory movements	(8.6)	(29.6)	(27.3)	(38.1)
Mining costs ¹	201.9	168.3	380.7	336.0
Depreciation, depletion and amortisation	44.6	31.7	84.5	73.5
Changes in estimates of asset retirement obligations at closed sites	3.6	-	0.5	-
	\$ 250.1	\$ 200.0	\$ 465.7	\$ 409.5

¹ Excluding depreciation, depletion and amortisation and changes in estimates of asset retirement obligations at closed sites.

22. GENERAL AND ADMINISTRATIVE EXPENSES

	Three months ended June 30,		Six months ended June 30,	
	2012	2011	2012	2011
Salaries	\$ 6.8	\$ 4.6	\$ 11.5	\$ 9.9
Director fees and expenses	0.5	0.3	1.2	0.6
Professional and consulting fees	2.2	1.9	4.4	4.3
Other administration costs	1.5	1.9	4.2	4.2
	11.0	8.7	21.3	19.0
Share-based payments	2.3	1.7	4.1	3.4
Depreciation	0.6	0.6	1.2	1.0
	\$ 13.9	\$ 11.0	\$ 26.6	\$ 23.4

23. FINANCE COSTS

	Three months ended June 30,		Six months ended June 30,	
	2012	2011	2012	2011
Credit facility fees	\$ 1.2	\$ 1.0	\$ 2.2	\$ 1.9
Accretion expense	0.5	0.9	0.8	1.7
Other	-	0.1	1.3	0.1
	\$ 1.7	\$ 2.0	\$ 4.3	\$ 3.7

24. INTEREST INCOME AND DERIVATIVES AND OTHER INVESTMENT GAINS (LOSSES)

	Three months ended June 30,		Six months ended June 30,	
	2012	2011	2012	2011
Interest income	\$ 0.8	\$ 0.1	\$ 1.9	\$ 0.1
Gain on sale of gold bullion	-	1.4	-	1.4
Gain on sale of marketable securities	3.7	0.6	9.3	0.9
Impairment of marketable securities	(14.9)	-	(19.5)	-
Gain (loss) on sale of assets	(0.1)	1.1	2.2	1.3
Gain on sale of the La Arena project	-	-	-	10.5
Derivative gain (loss)	(7.9)	1.5	1.8	4.4
Amortisation of gain related to flow-through shares	-	3.5	-	4.3
Other	1.7	0.3	2.2	0.5
	\$ (16.7)	\$ 8.5	\$ (2.1)	\$ 23.4

25. CASH FLOW ITEMS

(a) Adjustments for other non-cash items

	Three months ended June 30,		Six months ended June 30,	
	2012	2011	2012	2011
Share-based payments	\$ 2.3	\$ 1.7	\$ 4.1	\$ 3.4
Gain on sale of marketable securities	(3.7)	(0.6)	(9.3)	(0.9)
Impairment of marketable securities	14.9	-	19.5	-
Loss (gain) on sale of assets	0.1	(1.1)	(2.2)	(1.3)
Gain on sale of the La Arena project	-	-	-	(10.5)
Derivative loss (gain)	7.9	(1.5)	(1.8)	(4.4)
Amortisation of gain related to flow-through shares	-	(3.5)	-	(4.3)
Unrealized foreign exchange loss and other	(0.5)	(6.7)	1.1	(1.8)
Share of net earnings from investments in associates (net of income tax)	(5.5)	-	(8.3)	-
	\$ 15.5	\$ (11.7)	\$ 3.1	\$ (19.8)

(b) Adjustments for cash items within operating activities

	Three months ended June 30,		Six months ended June 30,	
	2012	2011	2012	2011
Disbursement related to asset retirement obligations	\$ (0.7)	\$ (0.5)	\$ (1.3)	\$ (1.0)
Settlement of derivatives	(1.7)	(1.1)	(0.9)	(1.1)
Other	(0.1)	(0.1)	(0.3)	(0.3)
	\$ (2.5)	\$ (1.7)	\$ (2.5)	\$ (2.4)

(c) Movements in non-cash working capital items and non-current ore stockpiles

	Three months ended June 30,		Six months ended June 30,	
	2012	2011	2012	2011
Receivables and other current assets	\$ (12.7)	\$ (9.6)	\$ 7.9	\$ (9.9)
Inventories and non-current ore stockpiles	(15.3)	(46.3)	(37.7)	(63.1)
Accounts payable and accrued liabilities	8.3	(8.3)	(5.3)	(6.7)
	\$ (19.7)	\$ (64.2)	\$ (35.1)	\$ (79.7)

(d) Other investing activities

	Three months ended June 30,		Six months ended June 30,	
	2012	2011	2012	2011
Acquisition of investments	\$ (30.8)	\$ (10.6)	\$ (46.3)	\$ (15.8)
Proceeds from sale of investments	2.8	-	10.2	0.7
Restricted cash	-	2.2	(1.2)	(1.2)
Net disposal (acquisition) of other assets	(1.7)	2.7	(2.5)	2.4
	\$ (29.7)	\$ (5.7)	\$ (39.8)	\$ (13.9)

(e) Net proceeds from disposals of non-core assets

	Three months ended June 30,		Six months ended June 30,	
	2012	2011	2012	2011
Disposal of the La Arena project	\$ -	\$ -	\$ -	\$ 48.8
Disposal of the Tarkwa and Damang mines	-	667.0	-	667.0
	\$ -	\$ 667.0	\$ -	\$ 715.8

26. COMMITMENTS AND CONTINGENCIES

(a) Capital commitments

	June 30, 2012	December 31, 2011
Capital commitments (excluding those related to joint ventures)		
Capital expenditures obligations	\$ 126.4	\$ 68.0
Purchase obligations	74.6	105.4
Operating leases	11.6	7.2
Capital commitments related to joint ventures (IAMGOLD share)		
Capital expenditures obligations	4.0	4.4
Purchase obligations	30.1	31.9
	\$ 246.7	\$ 216.9

(b) Capital commitments – Payments due by period

At June 30, 2012	Payments Due by Period				
	Total	Less than 1 Year	2–3 Years	4–5 Years	After 5 Years
Capital expenditures obligations	\$ 130.4	\$ 129.5	\$ 0.9	\$ -	\$ -
Purchase obligations	104.7	95.6	5.4	3.7	-
Operating leases	11.6	6.0	3.9	1.7	-
	\$ 246.7	\$ 231.1	\$ 10.2	\$ 5.4	\$ -

27. RELATED PARTY TRANSACTIONS

There were no material related party transactions in the first six months of 2012 and 2011.

28. SEGMENTED INFORMATION

Three months ended June 30, 2012

	Consolidated statements of earnings information							Capital expenditures ²
	Revenues	Mining costs ¹	Depreciation, depletion and amortisation	General and administrative	Exploration	Other	Earnings (loss) from operations	
Gold Mines								
Suriname	\$ 171.1	\$ 75.8	\$ 12.3	\$ -	\$ 2.5	\$ -	\$ 80.5	\$ 48.1
Burkina Faso	137.1	50.7	21.4	-	0.6	-	64.4	47.3
Canada	5.5	5.6	0.1	0.1	1.0	-	(1.3)	46.3
Mali	46.1	40.6	4.4	-	1.0	-	0.1	9.9
Total Gold Mines	359.8	172.7	38.2	0.1	5.1	-	143.7	151.6
Niobium	48.4	31.1	4.7	0.2	-	-	12.4	19.6
Exploration and Evaluation	-	0.4	-	0.2	17.6	-	(18.2)	0.6
Corporate ³	2.4	1.3	1.7	13.4	0.4	1.3	(15.7)	-
	\$ 410.6	\$ 205.5	\$ 44.6	\$ 13.9	\$ 23.1	\$ 1.3	\$ 122.2	\$ 171.8

Three months ended June 30, 2011

	Consolidated statements of earnings information							Capital expenditures ²
	Revenues	Mining costs ¹	Depreciation, depletion and amortisation	General and administrative	Exploration	Other	Earnings (loss) from operations	
Gold Mines								
Suriname	\$ 132.6	\$ 60.2	\$ 11.4	\$ -	\$ 2.0	\$ -	\$ 59.0	\$ 18.1
Burkina Faso	104.0	42.1	12.5	-	1.9	-	47.5	22.5
Canada	1.5	3.2	-	0.3	1.7	-	(3.7)	36.6
Mali	55.8	30.9	1.1	-	1.2	-	22.6	2.2
Total Gold Mines	293.9	136.4	25.0	0.3	6.8	-	125.4	79.4
Niobium	48.1	31.3	4.5	0.3	-	-	12.0	12.5
Exploration and Evaluation	-	-	-	0.2	11.2	-	(11.4)	0.8
Corporate ³	3.7	0.6	2.2	10.2	-	0.8	(10.1)	-
	\$ 345.7	\$ 168.3	\$ 31.7	\$ 11.0	\$ 18.0	\$ 0.8	\$ 115.9	\$ 92.7

1 Excluding depreciation, depletion and amortisation.

2 Expenditures for mining assets and capitalized exploration and evaluation.

3 Includes royalty interests and the investment in associates (Galane).

Six months ended June 30, 2012

	Consolidated statements of earnings information							Capital expenditures ²
	Revenues	Mining costs ¹	Depreciation, depletion and amortisation	General and administrative	Exploration	Other	Earnings (loss) from operations	
Gold Mines								
Suriname	\$ 319.6	\$ 132.1	\$ 24.8	\$ -	\$ 5.1	\$ -	\$ 157.6	\$ 70.2
Burkina Faso	286.7	101.7	39.6	-	1.3	-	144.1	88.4
Canada	11.7	5.9	0.2	(0.3)	2.2	-	3.7	85.6
Mali	96.2	77.9	6.9	-	1.7	-	9.7	24.1
Total Gold Mines	714.2	317.6	71.5	(0.3)	10.3	-	315.1	268.3
Niobium	96.8	60.9	9.4	0.3	-	0.1	26.1	34.5
Exploration and Evaluation	-	0.6	-	0.4	32.6	-	(33.6)	1.3
Corporate ³	3.8	2.1	3.6	26.2	0.4	1.8	(30.3)	0.4
	\$ 814.8	\$ 381.2	\$ 84.5	\$ 26.6	\$ 43.3	\$ 1.9	\$ 277.3	\$ 304.5

Six months ended June 30, 2011

	Consolidated statements of earnings information							Capital expenditures ²
	Revenues	Mining costs ¹	Depreciation, depletion and amortisation	General and administrative	Exploration	Other	Earnings (loss) from operations	
Gold Mines								
Suriname	\$ 278.6	\$ 115.5	\$ 25.6	\$ -	\$ 3.6	\$ -	\$ 133.9	\$ 25.7
Burkina Faso	265.8	92.6	31.9	-	1.9	-	139.4	31.7
Canada	15.1	10.2	-	0.4	4.1	-	0.4	59.8
Mali	106.9	61.8	2.2	-	2.0	-	40.9	3.2
Total Gold Mines	666.4	280.1	59.7	0.4	11.6	-	314.6	120.4
Niobium	87.7	55.0	9.7	0.5	-	-	22.5	23.1
Exploration and Evaluation	-	-	-	0.3	20.3	-	(20.6)	1.6
Corporate ³	5.6	0.9	4.1	22.2	-	1.4	(23.0)	-
	\$ 759.7	\$ 336.0	\$ 73.5	\$ 23.4	\$ 31.9	\$ 1.4	\$ 293.5	\$ 145.1

1 Excluding depreciation, depletion and amortisation.

2 Expenditures for mining assets and capitalized exploration and evaluation.

3 Includes royalty interests and the investment in associates (Galane).

	June 30, 2012			December 31, 2011		
	Total non-current assets	Total assets	Total liabilities	Total non-current assets	Total assets	Total liabilities
Gold Mines						
Suriname	\$ 688.3	\$ 865.8	\$ 257.7	\$ 633.7	\$ 833.4	\$ 237.8
Burkina Faso	840.0	1,063.5	140.7	787.2	954.5	139.8
Canada	673.3	686.5	140.3	493.0	532.3	131.8
Mali	131.7	208.9	89.8	109.6	182.7	92.9
Total Gold Mines	2,333.3	2,824.7	628.5	2,023.5	2,502.9	602.3
Niobium	450.6	504.4	147.3	423.6	476.7	145.3
Exploration and Evaluation	578.0	653.0	14.5	31.8	45.4	6.9
Corporate	237.6	510.2	36.5	327.4	1,324.7	66.3
Total	\$ 3,599.5	\$ 4,492.3	\$ 826.8	\$ 2,806.3	\$ 4,349.7	\$ 820.8



IAMGOLD Corporation
401 Bay Street, Suite 3200, PO Box 153
Toronto, Ontario, Canada M5H 2Y4
Toll Free 1 888 IMG 9999
www.iamgold.com