Agrium

NEWS RELEASE
FOR IMMEDIATE RELEASE

Agrium reports solid third quarter, expects record year

November 1, 2007 - ALL AMOUNTS ARE STATED IN U.S.$

CALGARY, Alberta -- Agrium Inc. (TSX and NYSE: AGU) announced today net earnings for the third quarter of 2007 were $51-million ($0.38 diluted earnings per share) versus net earnings of $1-million ($0.01 diluted earnings per share) for the same period in 2006. Unrealized gas hedging losses of $20-million ($0.10 diluted earnings per share) are included in the third quarter's net earnings. Without these unrealized losses, diluted earnings per share would have been $0.48.

Agrium is providing second half 2007 guidance of $1.18 to $1.33 earnings per share, or $0.80 to $0.95 for the fourth quarter. Annual 2007 earnings per share are expected to be a record $2.80 to $2.95, despite the impact from the surge in the value of the Canadian dollar in 2007 and the unrealized gas hedging losses of $0.10 earnings per share in the third quarter resulting from the change in accounting for gas hedging adopted July 1, 2007.

Net earnings for the first nine months of the year were $269-million ($2.01 diluted earnings per share), significantly higher than net earnings of $95-million ($0.72 diluted earnings per share) for the same period last year.

"The fundamentals of our business remain excellent, with continued strong crop prices and a tight supply and demand balance for all three nutrients benefiting our Retail, Wholesale, and Advanced Technologies businesses. All our Wholesale operations are running well, we expect a solid fall application season in our core markets, and the outlook for the remainder of 2007 and 2008 is excellent," said Mike Wilson, Agrium President and CEO.

KEY RESULTS AND DEVELOPMENTS

- Retail EBITDA in the third quarter of 2007 was $26-million, an improvement of $26-million over the same period last year. The significant increase was largely a result of improved fertilizer margins, synergies achieved through the integration of the former Royster-Clark operations, and growth in our South American retail operations. Our Retail operations are on track to approach $200-million in EBITDA this year.

- Wholesale EBITDA in the third quarter was $126-million, an improvement of $48-million over the same period last year, reflecting improved margins for all nutrients and continued strong agriculture and nutrient markets. Our expectation for an excellent fourth quarter is largely a result of the strength in Wholesale margins and sales volumes for all three nutrients.

- Advanced Technologies EBITDA for the third quarter increased to $7-million, an improvement of $7-million for this new business unit over the same period last year. EBITDA was $25-million for the first nine months of 2007, with earnings surpassing our previous expectation for this business.

- The increase in the value of the Canadian dollar raised our effective 2007 annual tax rate to 36 percent from our previous expected rate of 34 percent, and increased our second half effective rate to 38 percent. This is due to an increase in Canadian future income taxes of approximately $11-million relating to the second half of 2007, due to foreign exchange gains on the translation of long-term debt. The stronger Canadian dollar also increased our production costs, primarily for potash and our Canadian phosphate operations.

MANAGEMENT'S DISCUSSION AND ANALYSIS

November 1, 2007

The following interim Management's Discussion and Analysis (MD&A) updates the annual MD&A included in our 2006 Annual Report to Shareholders, to which readers are referred. No update is provided where an item is not material or where there has been no material change from the discussion in our annual MD&A.

Forward-Looking Statements

The key assumptions that have been made in connection with our fourth quarter guidance include, but are not limited to, the following:

- *Continuation of tight world fertilizer markets, supporting higher prices on sales volumes that were not pre-sold or priced in the third quarter of 2007;*
- *Continuation of strong domestic and international fertilizer demand reflecting high grain and oilseed prices;*
- *Weather patterns across North America and South America will support a normal fertilizer application season;*
- *Retail fertilizer and chemical sales volumes and margins above our 2006 levels;*
- *No major plant shutdowns or outages are expected in the fourth quarter;*
- *The exchange rate for the Canadian dollar will not deviate significantly from the par exchange rate to the U.S. dollar in effect at the end of the third quarter;*
- *Stock-based compensation expense reflects Agrium's stock price at the end of the third quarter ($54.38) and a $1 change in stock price equates to a $0.01 change in earnings per share;*
- *The average NYMEX gas price for the fourth quarter will not deviate significantly from $7.65/MMBtu;*
- *Argentine urea sales prices to growers reflect current market conditions which approximate import prices; and,*
- *Mark-to-market gains or losses on non-qualifying commodity hedge positions settling in future periods are excluded from the guidance range.*

2007 Third Quarter Operating Results

NET EARNINGS

Agrium's third quarter consolidated net earnings were $51-million, or $0.38 diluted earnings per share, compared to earnings of $1-million, or $0.01 diluted earnings per share, for the same quarter of 2006. EBIT was $102-million for the third quarter of 2007 versus EBIT of $13-million for the third quarter of 2006. This improved EBIT performance was comprised of an increase in gross profit of $109-million net of an increase in operating expenses of $20-million.

Consolidated gross profit in the third quarter of 2007 was $305-million compared to $196-million in the third quarter of 2006. Strong crop prices drove increased retail crop input demand contributing to a $44-million increase in gross profit in our Retail business segment as sales and margins for fertilizer, chemical and seed all showed growth over the comparative period. Wholesale gross profit increased $56-million due to record third quarter gross profit for domestic nitrogen and phosphate combined with higher potash gross profit, slightly offset by a decrease in international nitrogen gross profit. Our Advanced Technologies business segment contributed an additional $7-million to our quarter-over-quarter gross profit increase.

The increase of $20-million in third quarter 2007 operating expenses reflects a combination of the following items:

- $16-million increase in Retail's selling expenses to $103-million primarily as a result of increased sales activity;

- $13-million increase in stock-based compensation expense to $23-million due to a significant increase in our share price;

- $21-million increase in unrealized losses to $20-million on mark-to-market adjustments for natural gas derivatives not qualifying for hedge accounting treatment, given we de-designated our gas derivatives effective July 1, 2007;

- $23-million increase in foreign exchange gains to $21-million primarily caused by unrealized foreign exchange gains attributable to the strengthening of the Canadian dollar;

- $10-million non-cash gain related to the freeze of a U.S. defined benefit pension plan in favor of introducing a defined contribution plan.

The increase in the value of the Canadian dollar resulted in an increase to our effective annual tax rate to 36 percent from our previous expected rate of 34 percent for calendar year 2007, and to 38 percent for the third quarter. This is due to an increase in Canadian future income taxes relating to foreign exchange gains on the translation of long-term debt.

FINANCIAL POSITION AND LIQUIDITY

Cash used in operating activities was $75-million in the third quarter of 2007. The net change in non-cash working capital from the second quarter of 2007 to the third quarter of 2007 was a use of cash of $219-million. Accounts receivable increased $21-million. While our trade accounts receivable decreased due to seasonality, we reduced the usage of our accounts receivable securitization facility by $182-million this quarter. As at September 30, 2007, we had sold $2-million under the securitization facility. Inventories increased by $171-million, split almost equally between Retail and Wholesale business segments. Retail inventories increased as we built up product to enter fall application season in North America and the spring season in South America. Wholesale inventories also increased due to seasonal building of ammonia inventories and raw materials. Prepaid expenses and deposits increased $145-million primarily due to pre-bought inventory in Retail and Wholesale combined with Wholesale turnaround costs. Accounts payable and accrued liabilities increased $88-million. Included in accounts payable was $190-million of customer prepayments for product, a seasonal increase of $106-million from the end of the second quarter of 2007.

Cash used in investing activities was $118-million for the third quarter of 2007. Included in investing activities were cash prepayments of $44-million related to construction of the Egypt nitrogen facility. These costs will be transferred to Property, plant and equipment as construction continues. The increase in Other assets includes cash payments for turnaround costs at our Redwater and Vanscoy production facilities.

Cash provided by financing activities was $179-million during the quarter. At September 30, 2007, our bank indebtedness was $318-million, an increase of $168-million over the second quarter. We utilized our bank indebtedness facilities in the quarter rather than our accounts receivable securitization facility, given that sub-prime issues in the market made the accounts receivable securitization facility more expensive to utilize. During the quarter we arranged access to, and drew $18-million from, $940-million of secured non-recourse Egypt project financing credit facilities. Previously, cash requirements for EAgrium were met with equity advances from owners, which totaled $225-million as at September 30, 2007. The financing is repayable over 15 years beginning December 2010. The facilities require compliance with certain covenants including a minimum ratio of 66.5 percent of project debt to 33.5 percent project equity during the construction period. Accordingly, future cash requirements of the project will be met solely from the project financing facilities until the above ratio is met.

On August 22, 2007 we filed a Universal Shelf Prospectus (“Universal Shelf”) allowing us to offer up to $1-billion of debt, equity and other securities in Canada and the United States over a 25-month period. The Universal Shelf provides flexibility to reduce outstanding indebtedness, to finance future growth opportunities including acquisitions and investments, to finance capital expenditures, and/or for general corporate purposes if required. The terms of any future offerings will be established by market conditions at the time of offering. As of September 30, 2007, we had not issued any securities under the Universal Shelf. We withdrew our prospectus dated May 15, 2006 concurrent with the above filing.

During the quarter, we renewed our unsecured credit facility for an additional five years. In addition, we added a provision that allows us to expand the facility by up to $200-million.

BUSINESS SEGMENT PERFORMANCE

Retail

Retail's third quarter net sales were $427-million compared to $342-million in the third quarter of 2006. Gross profit was $134-million, a $44-million increase over the $90-million gross profit earned in the same quarter last year. EBIT was $17-million compared to 2006 third quarter EBIT loss of $9-million.

The increase in net sales and gross profit in the third quarter of 2007 versus the same quarter of 2006 was attributed to:

- Fertilizer sales increased $51-million (34 percent) to $201-million due to a favorable combination of increased volumes and selling prices. Gross profit improved $19-million (66 percent) to $48-million due to improved per tonne margins along with the increased volumes. Gross margins increased to 24 percent this quarter compared to 19 percent for the same quarter last year. Our fertilizer business benefited from a strong showing in our South American retail operations, which posted significant increases in third quarter fertilizer sales and gross profit.

- Chemical sales increased $11-million to $161-million and gross profit increased $16-million to $50-million. Our chemical business was aided by the stronger application of preventative fungicide treatments and increased insect pressure in the Cornbelt during the quarter. Chemical margins improved from 23 percent in the third quarter of 2006 to 31 percent this quarter primarily due to the realization of Royster-Clark chemical rebate synergies. To a lesser extent, our recently acquired facilities in Kansas and Oklahoma also contributed to the increase in chemical rebates for the quarter.

- Other product sales and gross profit for the third quarter of 2007 also improved over the prior year with a sales increase of $23-million to $65-million and gross profit increase of $9-million to $36-million. Sales and gross profit increases in our seed business accounted for $7-million and $3-million of the increases, respectively.

Retail selling expenses increased $16-million, from $87-million to $103-million. The additional expenses are primarily attributable to increased sales volumes and the addition of our recently acquired facilities in Kansas and Oklahoma. Selling expenses as a percentage of net sales have improved from 25 percent in the third quarter of 2006 to 24 percent for the third quarter this year.

Wholesale

Wholesale third quarter net sales were $563-million compared to $493-million in the third quarter of 2006. Gross profit increased to $158-million from $102-million in the same quarter last year. EBIT of $96-million was more than double the third quarter 2006 EBIT of $47-million.

The increase in net sales and gross profit in the third quarter of 2007 versus the same quarter of 2006 is attributed to:

- Nitrogen sales increased $22-million to $345-million and gross profit increased $19-million to $97-million. Gross profit for domestic nitrogen increased $56-million, primarily due to higher selling prices partially offset by higher costs resulting from a major planned turnaround at our Redwater plant. International gross profit decreased $37-million due to lower sales volumes as a result of decreased production at our Profertil plant from gas supply interruptions as Argentina experienced its coldest winter in more than 80 years. Our domestic nitrogen margins were only slightly lower this quarter than in the second quarter of 2007, despite lower benchmark urea and ammonia prices and a seasonally higher proportion of ammonia sales to the industrial segment.

- Potash sales increased $14-million to $65-million and gross profit increased $16-million to $33-million. International sales volumes and selling prices increased as a result of higher Canpotex requirements and improved global pricing. Sales volumes and average production costs were impacted by a planned turnaround in July and entering the quarter with low inventories. As a result, our potash margins were largely unchanged this quarter compared to the second quarter of 2007, despite higher selling prices. Our potash facility achieved near capacity production rates in both September and October.

- Phosphate sales increased $41-million to $108-million and gross profit increased $22-million to $26-million. The impact of higher selling prices and slightly higher sales volumes were partially offset by an increase in production costs. The increase in per unit production costs was due to higher costs at both our Conda and Redwater facilities. At Conda the increase was due to higher rock, sulphur and ammonia costs, while at Redwater it was due primarily to the higher Canadian dollar and a planned turnaround in the quarter. We have successfully addressed rock processing and costs challenges at our Kapuskasing phosphate rock mine. Our third quarter rock costs at our Kapuskasing rock mine continued to decline this quarter on a Canadian dollar per tonne basis, with costs down more than 30 percent from the same period last year. We do not anticipate importing phosphate rock in the future. Phosphate margins increased almost $100 per tonne versus the same period last year, and were up $13 per tonne compared to the second quarter of 2007.

Wholesale's overall natural gas cost in the third quarter of 2007 was $5.57/MMBtu compared to $4.61/MMBtu for the same quarter of 2006, due to higher U.S. hedged gas costs combined with higher international gas costs. The U.S. benchmark (NYMEX) natural gas price for the third quarter of 2007 was $6.13/MMBtu, with the AECO (Alberta) basis differential averaging $0.83/MMBtu lower than NYMEX.

All natural gas derivatives at July 1, 2007 were de-designated as cash flow hedges for accounting purposes and an unrealized net gain of $6-million, representing the expiry value of these positions at July 1, 2007, was deferred and recorded on the consolidated balance sheet. For the quarter ended September 30, 2007, $5-million of deferred losses were recorded in cost of product sold.

All realized and unrealized gains and losses for natural gas derivatives after July 1, 2007 are recognized in Other expenses. For the quarter ended September 30, 2007, an unrealized loss of $20-million was recorded in Other expenses, representing the change in fair value of natural gas derivatives resulting from a decline in the NYMEX and AECO price curve at September 30, 2007 compared to July 1, 2007. Net cash of $6-million paid on natural gas hedges settled in the third quarter was also included in Other expenses.

On September 25, 2007 we announced the closure of our Kenai nitrogen fertilizer operations at the end of the quarter. No expenses related to this closure were incurred during the quarter.

Advanced Technologies

Advanced Technologies' third quarter 2007 net sales were $46-million compared to $25-million in the third quarter of 2006. Gross profit was $11-million in the third quarter of 2007, or $7-million higher than the third quarter of 2006. EBIT was $3-million versus a loss of $3-million for the comparative period. These increases were primarily due to higher ESN margins as well as the inclusion of a full quarter's results for Pursell, which was acquired in August 2006.

Other

EBIT for our Other non-operating business segment for the third quarter of 2007 was a loss of $14-million compared to a loss of $22-million for the same period last year. The decrease in the EBIT loss of $8-million quarter-over-quarter is mainly due to a $21-million increase in foreign exchange gains attributable to the strengthening of the Canadian dollar in the third quarter of 2007 offset by a $12-million increase in stock-based compensation expense.

SELECTED QUARTERLY INFORMATION

(Unaudited, in millions of U.S. dollars, except per share information)

	2007			2006				2005
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Net sales	**$ 989**	2,034	821	899	821	1,816	657	770
Gross profit	**305**	572	188	231	196	397	132	207
Net earnings (loss)	**51**	229	(11)	(62)	1	142	(48)	54
Earnings (loss) per share								
-basic	**$ 0.38**	1.71	(0.08)	(0.47)	0.01	1.08	(0.37)	0.41
-diluted	**$ 0.38**	1.70	(0.08)	(0.47)	0.01	1.06	(0.37)	0.40

The fertilizer and agricultural retail businesses are seasonal in nature. Consequently, quarter-to-quarter results are not directly comparable. For purposes of comparison, fertilizer sales volumes are best measured on a half-year basis, corresponding to the post-harvest application and the spring planting application seasons.

NON-GAAP MEASURES

In the discussion of our performance for the quarter, in addition to the primary measures of earnings and earnings per share, we make reference to EBITDA (earnings before interest expense, income taxes, depreciation, amortization and asset impairment). We consider EBITDA to be a useful measure of performance because income tax jurisdictions and business segments are not synonymous and we believe that allocation of income tax charges distorts the comparability of historical performance for the different business segments. Similarly, financing and related interest charges cannot be allocated to all business segments on a basis that is meaningful for comparison with other companies.

EBITDA is not a recognized measure under GAAP, and our method of calculation may not be comparable to other companies. Similarly, EBITDA should not be used as an alternative to cash provided by (used in) operating activities as determined in accordance with GAAP.

OUTLOOK, KEY RISKS AND UNCERTAINTIES

The outlook for global and North American agricultural markets continues to be supported by rising global GDP levels, growth in demand for biofuels and less than optimal crop yields in a number of countries this year. December corn futures prices are $3.75/bu, 50 percent above the five year average. Though corn prices remain historically strong it is likely that growers will elect to grow more soybeans and wheat in 2008, resulting in lower corn area. World wheat ending stocks in 2007-08 were forecast by the USDA at their lowest level since 1975. Wheat producers are expected to receive record wheat prices and global seeded area of wheat is expected to increase significantly in the fall of 2007 and spring of 2008. We expect North American crop input demand to remain robust in the fall of 2007 and spring of 2008. Total international cropland is also expected to expand in the fall of 2007 and 2008, in part because of land not being re-enrolled in the Conservation Reserve Program in the U.S. and the European Commission reducing the land set-aside rate by 10 percent to zero.

The nitrogen market has been supported by strong international demand over the past few months. Though exports from China remain a risk to the urea market, strong demand from India is expected to keep the global nitrogen market in a tight to balanced condition through the end of 2007 and in 2008. Future operating rates of new Iranian nitrogen facilities remain an unknown. A potential risk to North American fertilizer demand in general is if 2007 U.S. corn yields are larger than expected which would further increase corn supplies resulting in lower prices and in turn lower corn area in 2008.

The outlook for the potash market remains positive for the medium-term as supply struggles to meet growing global demand. North American potash inventories remain very tight. Chinese demand for potash has been robust throughout 2007, with imports for the first eight months of the year 88 percent ahead of the same period in 2006. The current Chinese negotiations and associated demand in 2008 remain an important factor, creating some uncertainty for potash markets.

The outlook for the phosphate market continues to be positive. Demand has been strong in Europe and Brazil. Meanwhile, Chinese exportable supplies which were abundant in the first half of 2007 have declined. Supplies within the North American market are tight. September inventories of DAP and MAP combined were 30 percent lower than the five-year average. An uncertainty for the phosphate market looking ahead is the exportable supply from China.

Dry bulk international ocean freight rates have almost doubled over the past year and any further increase would be negative for international potash margins but positive for landed nitrogen prices in net importing regions of North and South America.

Forward-Looking Statements

Certain statements in this press release constitute forward-looking statements. Such forward-looking statements involve known and unknown risks and uncertainties, including those referred to in the management discussion and analysis section of the Corporation's most recent annual report to shareholders, which may cause the actual results, performance or achievements of the Corporation to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. A number of factors could cause actual results to differ materially from those in the forward-looking statements, including, but not limited to, weather conditions, crop prices, the future supply, demand, price level for our major products, future gas prices and availability in key markets, future operating rates and production costs at Agrium's facilities, the exchange rates for U.S., Canadian, Argentine, and the Euro currencies, the rate of inflation in Western Canada in particular and in other regions in which we operate facilities, domestic fertilizer consumption and any changes in government policy in key agriculture markets, including the application of price controls on fertilizers, the potential inability to integrate and obtain anticipated synergies for recent or new business acquisitions as planned or within the time predicted, and changes to construction cost, timing of construction, performance of other parties, and political risks associated with our recently announced Egyptian nitrogen project. Agrium disclaims any intention or obligation to update or revise any forward-looking information as a result of new information or future events.

OTHER

Agrium Inc. is a major Retail supplier of agricultural products and services in North and South America, a leading global Wholesale producer and marketer of all three major agricultural nutrients and the premier supplier of specialty fertilizers in North America through our Advanced Technologies business unit. Agrium's strategy is to grow across the value chain through acquisition, incremental expansion of its existing operations and through the development, commercialization and marketing of new products and international opportunities. Our strategy places particular emphasis on growth opportunities that both increase and stabilize our earnings profile in the continuing transformation of Agrium.

A WEBSITE SIMULCAST of the 2007 3rd Quarter Conference Call will be available in a listen-only mode beginning Thursday, November 1st at 10:30 a.m. MT (12:30 p.m. ET). Please visit the following website: www.agrium.com

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AGRIUM INC.

Consolidated Statements of Operations and Retained Earnings

(Millions of U.S. dollars, except per share information)

(Unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2007	2006	**2007**	2006
Sales	**$ 1,043**	$ 869	**$ 3,999**	$ 3,429
Direct freight	**54**	48	**155**	135
Net sales	**989**	821	**3,844**	3,294
Cost of product	**684**	625	**2,779**	2,569
Gross profit	**305**	196	**1,065**	725
Expenses				
Selling	**109**	97	**334**	285
General and administrative	**30**	27	**86**	73
Depreciation and amortization	**44**	44	**128**	128
Royalties and other taxes	**11**	5	**30**	17
Other expenses (note 5)	**9**	10	**22**	63
	203	183	**600**	566
Earnings before interest expense and income taxes	**102**	13	**465**	159
Interest on long-term debt	**13**	14	**39**	34
Other interest	**5**	2	**12**	11
Earnings (loss) before income taxes	**84**	(3)	**414**	114
Current income taxes	**16**	12	**76**	63
Future income taxes (recovery)	**17**	(16)	**69**	(44)
Income taxes (recovery)	**33**	(4)	**145**	19
Net earnings	**51**	1	**269**	95
Retained earnings – beginning of period	**810**	671	**602**	584
Common share dividends declared	**-**	-	**(7)**	(7)
Transition adjustment on adoption of new accounting standards (note 1)	**-**	-	**(3)**	-
Retained earnings – end of period	**$ 861**	$ 672	**$ 861**	$ 672
Earnings per share (note 6)				
Basic	**$ 0.38**	$ 0.01	**$ 2.02**	$ 0.72
Diluted	**$ 0.38**	$ 0.01	**$ 2.01**	$ 0.72

AGRIUM INC.
Consolidated Statements of Cash Flows
(Millions of U.S. dollars)
(Unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2007	2006	**2007**	2006
Operating				
Net earnings	**$ 51**	$ 1	**$ 269**	$ 95
Items not affecting cash				
Depreciation and amortization	**44**	44	**128**	128
Gain on disposal of assets and investments	**-**	(1)	**-**	(1)
Future income taxes (recovery)	**17**	(16)	**69**	(44)
Pension curtailment gain	**(10)**	-	**(10)**	-
Other	**42**	(39)	**60**	27
Net change in non-cash working capital	**(219)**	20	**(347)**	(52)
Cash (used in) provided by operating activities	**(75)**	9	**169**	153
Investing				
Capital expenditures	**(45)**	(50)	**(111)**	(129)
Acquisitions, net of cash acquired	**-**	(88)	**-**	(648)
Investment in equity affiliate	**-**	-	**(68)**	-
(Increase) decrease in other assets	**(39)**	(2)	**(47)**	8
Proceeds from disposal of assets and investments	**10**	-	**9**	74
Other	**-**	(17)	**-**	(32)
Prepaid construction costs at Egypt facility	**(44)**	-	**(197)**	-
Cash used in investing activities	**(118)**	(157)	**(414)**	(727)
Financing				
Common shares	**3**	2	**11**	22
Bank indebtedness	**168**	132	**91**	145
Long-term debt issuance	**18**	-	**18**	296
Long-term debt repayment	**-**	(9)	**-**	(136)
Financing fees on long-term debt	**(13)**	-	**(13)**	-
Common share dividends paid	**(7)**	(7)	**(14)**	(14)
Issue of common shares by subsidiary to non – controlling interest	**10**	-	**84**	-
Cash provided by financing activities	**179**	118	**177**	313
Decrease in cash and cash equivalents	**(14)**	(30)	**(68)**	(261)
Cash and cash equivalents – beginning of period	**55**	69	**109**	300
Cash and cash equivalents – end of period	**$ 41**	$ 39	**$ 41**	$ 39

AGRIUM INC.
Consolidated Balance Sheets
(Millions of U.S. dollars)
(Unaudited)

	As at September 30, 2007	As at September 30, 2006	As at December 31, 2006
ASSETS			
Current assets			
Cash and cash equivalents	**$ 41**	$ 39	$ 109
Accounts receivable	**832**	481	566
Inventories (note 2)	**887**	713	747
Prepaid expenses and deposits	**360**	54	137
	2,120	1,287	1,559
Property, plant and equipment	**1,426**	1,521	1,332
Intangible assets	**75**	70	75
Goodwill	**181**	154	174
Other assets	**209**	96	103
Future income tax assets	**11**	41	22
	$ 4,022	$ 3,169	$ 3,265
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Bank indebtedness	**$ 318**	$ 158	$ 227
Accounts payable and accrued liabilities	**857**	542	732
Current portion of long-term debt	**1**	1	1
	1,176	701	960
Long-term debt	**669**	671	669
Other liabilities	**277**	250	265
Future income tax liabilities	**210**	223	131
	2,332	1,845	2,025
Non-controlling interest	**101**	5	7
Shareholders' equity	**1,589**	1,319	1,233
	$ 4,022	$ 3,169	$ 3,265

AGRIUM INC.

Consolidated Statements of Shareholders' Equity

(Unaudited)

	Millions of shares	Millions of U.S. dollars				
	Common shares	**Common shares**	**Contributed surplus**	**Retained earnings**	**Accumulated other comprehensive income**	**Total shareholders' equity**
Balance as at December 31, 2006	133	$ 617	$ 5	$ 602	$ 9	$ 1,233
Transition adjustments for net deferred gains on cash flow hedges (net of tax) (note 1)				(3)	5	2
Balance as at January 1, 2007	133	617	5	599	14	1,235
Net earnings				269		269
Unrealized gains on financial cash flow hedges (a)					19	19
Unrealized losses on available for sale assets					(1)	(1)
Foreign currency translation adjustment					62	62
Comprehensive income						349
Common share dividends				(7)		(7)
Stock compensation exercise and grants	1	12				12
Balance as at September 30, 2007	**134**	**$ 629**	**$ 5**	**$ 861**	**$ 94**	**$ 1,589**
Balance as at December 31, 2005	131	$ 583	$ 3	$ 584	$ 10	$ 1,180
Net earnings				95		95
Foreign currency translation adjustment					27	27
Comprehensive income						122
Common share dividends				(7)		(7)
Stock compensation exercise and grants	1	23	1			24
Balance as at September 30, 2006	132	$ 606	$ 4	$ 672	$ 37	$ 1,319

Notes to accumulated other comprehensive income:

(a) Net of tax of $2-million and non-controlling interest of $10-million.

AGRIUM INC.
Summarized Notes to the Consolidated Financial Statements
For the nine months ended September 30, 2007
(Millions of U.S. dollars, except per share amounts)
(Unaudited)

1. SIGNIFICANT ACCOUNTING POLICIES

The Corporation's accounting policies are in accordance with accounting principles generally accepted in Canada and are consistent with those outlined in the annual audited financial statements except where stated below. These interim consolidated financial statements do not include all disclosures normally provided in annual financial statements and should be read in conjunction with the Corporation's audited consolidated financial statements for the year ended December 31, 2006. In management's opinion, the interim consolidated financial statements include all adjustments necessary to present fairly such information.

Certain comparative figures have been reclassified to conform to the current year's presentation.

Accounting Standards and Policy Changes Adopted During Reporting Periods

Description	Date and Method of Adoption	Impact
Comprehensive Income consists of net income and other comprehensive income (OCI). OCI represents changes in shareholders' equity during a period arising from transactions and other events with non-owner sources. The Corporation's OCI consists of unrealized gains or losses on translation of self-sustaining foreign operations and gains and losses and changes in the fair value of the effective portion of cash flow hedging instruments. OCI is presented net of related income taxes. Cumulative changes in OCI are included in accumulated other comprehensive income (AOCI), which is presented as a new category of shareholders' equity on the consolidated balance sheet. Cumulative translation adjustments (December 31, 2006-$9-million) consisting of gains and losses on translation of self-sustaining foreign operations, previously segregated as a separate component of shareholders' equity, are now included in AOCI.	January 1, 2007; prospective	Material prospective impact
Financial Instruments – Recognition and Measurement. The new standards establish that all financial assets and financial liabilities must be initially recorded at fair value on the consolidated balance sheet. Subsequent measurement is determined by the classification of each financial asset and liability, according to the following categories:	January 1, 2007; prospective	Material prospective impact

Financial Instrument Classification	As Classified by Agrium	Subsequent Measurement of Gains or Losses at Each Period End
Assets or liabilities held for trading	Cash and cash equivalents; derivative financial instruments that are not cash flow hedges	Fair value; unrealized gains or losses recognized in net income
Available for sale financial assets	Other investments	Fair value; unrealized gains and losses recognized in OCI (except for excluded investments); recognized in net income on sale of the asset or when asset is written down as impaired
Held to maturity investments Loans and receivables Other financial liabilities	None Accounts receivable Bank indebtedness, accounts payable, long-term debt	Amortized cost using the effective interest rate method; if asset/liability is derecognized or asset is impaired, recognized in net income

For the Corporation, amortized cost generally corresponds to cost. Certain financial instruments are exempt from the standards, including specific long-term investments, assets and obligations arising from employee future benefit plans, and obligations relating to stock-based compensation. The Corporation's investments consist mainly of equity instruments that are excluded from the new standards. Equity instruments that do not have a quoted market price in an active market are measured at cost even if the instruments are classified as financial assets available for sale.

Certain deferred debt issuance costs previously reported in other assets have been reclassified prospectively and are now reported as a reduction of debt obligations.

All derivative instruments are recorded in the balance sheet at fair value unless exempted from derivative treatment as normal purchases and sales. Under the previous standards, derivatives that met the requirements for hedge accounting were generally recorded on an accrual basis.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Description	Date and Method of Adoption	Impact
Hedges. The standard establishes when and how hedge accounting may be applied, as well as certain disclosure requirements. The standard specifies three types of hedging relationships: fair value hedges, cash flow hedges, and hedges of a net investment in self-sustaining foreign operations. Application of hedge accounting is optional. The Corporation has elected to apply hedge accounting to certain derivative financial instruments consisting of gas and foreign exchange cash flow hedge contracts.	January 1, 2007; prospective	See table below

Upon initial application of the above, all adjustments to the carrying amount of financial assets and liabilities were recognized as an adjustment to opening retained earnings or AOCI, depending on the classification of existing assets or liabilities. Transition adjustments relating to derivative contracts designated as cash flow hedges at January 1, 2007 include the following (millions of U.S. dollars):

Balance sheet category	Gross	Income taxes	Net
Retained earnings			
Ineffective portion of qualifying cash flow hedges	$ (4)	$ 1	**$ (3)**
Accumulated other comprehensive income			
Unrealized gains on effective cash flow hedges	$ 8	$ (3)	**$ 5**

Stripping Costs Incurred in the Production Phase of a Mining Operation requires that costs of removing overburden and mineral waste materials should be accounted for according to the benefit received by the entity and recorded as either a component of inventory or a betterment to the mineral property, depending on the benefit received.	January 1, 2007; prospective	No material impact
Changes in Accounting Policies, Estimates and Corrections of Errors provides guidance as to the application of voluntary changes in accounting policy, and provides for retrospective application of changes in accounting policy and error.	January 1, 2007; prospective	No material impact
Determining Variability to be Considered in Consolidation of Variable Interest Entities provides guidance in determining the application of accounting standards regarding consolidation of variable interest entities based on analysis of the design of the entity, including its purpose and the nature of risks in the entity.	January 1, 2007; prospective	No material impact
Income Taxes. The Corporation changed its method of accounting for income tax uncertainties whereby a tax benefit will be recognized if it is more likely than not that the position should be sustained on examination. Previously, a tax benefit was recognized only when it was probable that the position should be sustained on examination. The Corporation believes that the threshold of "more likely than not" is more widely understood than “probable" and, consequently, the new Accounting Policy provides more reliable and relevant information.	April 1, 2007; retrospective	No material impact
Accounting Policy Choice for Transaction Costs requires the same accounting policy choice for all similar financial instruments or groups of financial instruments classified as other than held for trading.	July 1, 2007; retrospective	No material impact

AGRIUM INC.
Summarized Notes to the Consolidated Financial Statements
For the nine months ended September 30, 2007
(Millions of U.S. dollars, except per share amounts)
(Unaudited)

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounting Standards and Policy Changes Not Yet Implemented

Description	Date and Method of Adoption	Impact
Financial Instruments - Disclosures, Financial Instruments – Presentation, and Capital Disclosures, require the Corporation to provide additional disclosures relating to its financial instruments, including hedging instruments, and about its capital.	January 1, 2008; prospective	Currently being reviewed
Inventories establishes standards for the measurement and disclosure of inventories including guidance on the determination of cost.	January 1, 2008; retrospective	Currently being reviewed

2. INVENTORIES

	September 30, 2007	September 30, 2006	December 31, 2006
Raw materials	**$ 166**	$ 117	$ 123
Finished goods	**169**	228	189
Product for resale	**552**	368	435
Total inventories	**$ 887**	$ 713	$ 747

3. ACCOUNTS RECEIVABLE

At September 30, 2007, the Corporation had sold $2-million (September 30, 2006 – $167-million) under its accounts receivable securitization facility.

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

4. EMPLOYEE FUTURE BENEFITS

	Three months ended September 30,		Nine months ended September 30,	
	2007	2006	**2007**	2006
Pension plans				
Defined benefit				
Service cost	**$ 1**	$ 2	**$ 5**	$ 5
Interest cost	**3**	2	**8**	7
Expected return on plan assets	**(2)**	(3)	**(7)**	(7)
Amortization of actuarial losses	**-**	1	**1**	3
Curtailment gain	**(10)**	-	**(10)**	-
	(8)	2	**(3)**	8
Defined contribution	**4**	3	**13**	12
	(4)	5	**10**	20
Post-retirement benefit plans				
Service cost	**1**	1	**3**	2
Interest cost	**1**	-	**3**	1
Amortization of actuarial losses	**1**	-	**2**	-
	3	1	**8**	3
Total expense	**$ (1)**	$ 6	**$ 18**	$ 23

During the quarter, the Corporation recognized a curtailment gain of $10-million relating to its U.S. defined benefit plan.

5. OTHER EXPENSES

	Three months ended September 30,		Nine months ended September 30,	
	2007	2006	**2007**	2006
Interest income	**$ (9)**	$ (6)	**$ (20)**	$ (11)
Stock-based compensation	**23**	10	**63**	19
Environmental remediation and accretion of asset retirement obligation	**2**	7	**(6)**	11
Net realized and unrealized loss (gain) on non-qualifying derivatives	**25**	(1)	**23**	38
Foreign exchange (gain) loss	**(21)**	2	**(39)**	-
Provision for doubtful accounts	**3**	2	**9**	5
Pension curtailment gain	**(10)**	-	**(10)**	-
Other	**(4)**	(4)	**2**	1
Total other expenses	**$ 9**	$ 10	**$ 22**	$ 63

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

6. EARNINGS PER SHARE

The following table summarizes the computation of net earnings per share:

	Three months ended September 30,		Nine months ended September 30,	
	2007	2006	**2007**	2006
Numerator:				
Net earnings and numerator for basic and diluted earnings per share	**$ 51**	$ 1	**$ 269**	$ 95
Denominator:				
Weighted average denominator for basic earnings per share	**134**	132	**133**	132
Dilutive instruments:				
Stock options (a)	**1**	1	**1**	1
Denominator for diluted earnings per share	**135**	133	**134**	133
Basic earnings per share	**$ 0.38**	$ 0.01	**$ 2.02**	$ 0.72
Diluted earnings per share	**$ 0.38**	$ 0.01	**$ 2.01**	$ 0.72

(a) For diluted earnings per share, these dilutive instruments are added back only when the impact of the instrument is dilutive to basic earnings per share.

There were 134 million common shares outstanding at September 30, 2007 (September 30, 2006 – 132 million). As at September 30, 2007, the Corporation has outstanding approximately three million (September 30, 2006 – five million) options and options with tandem stock appreciation rights to acquire common shares.

7. FINANCIAL INSTRUMENTS

The fair value of derivative instruments qualifying for hedge accounting is recorded as the estimated amount that the Corporation would receive (pay) to terminate the contracts. Fair values are determined based on quoted market prices available from active markets or are otherwise determined using a variety of valuation techniques and models. Fair value of natural gas, foreign exchange and interest rate hedges at September 30, 2007 was nil (September 30, 2006 – $8-million; December 31, 2006 – $4-million), $30-million (September 30, 2006 – $3-million; December 31, 2006 – nil), and $(6)-million (September 30, 2006 – nil; December 31, 2006 – nil), respectively.

Effective July 1, 2007, the Corporation elected to discontinue hedge accounting on derivative contracts that had been designated as cash flow hedges of future natural gas purchases. At the date of de-designation, the hedges were considered as effective. As the hedged anticipated gas purchases are probable to occur, accumulated unrealized gains and losses and changes in fair value of $6-million on the derivative contracts as of July 1, 2007 were recorded in accumulated other comprehensive income.

The fair value of non-qualifying derivative instruments at September 30, 2007 was $(5)-million (September 30, 2006 – $2-million; December 31, 2006 – $4-million).

The amount of net gains and (losses) reported in AOCI expected to be reclassified to net income in the next 12 months is $5-million.

8. EGYPT NITROGEN PROJECT

The Corporation holds a 60 percent interest in a subsidiary which has entered into contractual obligations for the construction of a nitrogen facility and infrastructure in Egypt. Related commitments include a lump sum turnkey construction contract, financing, and a 25-year natural gas contract for the facility. Total planned construction and related costs are approximately $1.2-billion before capitalized interest. Construction is expected to be completed in 2010.

The Corporation has hedged its exposure to foreign exchange rate fluctuations on Egypt facility construction costs denominated in Euros, and its exposure to floating interest rates on related financing.

Project financing consists of secured non-recourse credit facilities of $940-million. The financing bears interest at LIBOR plus a variable margin and is repayable over 15 years beginning December 2010. The Corporation is required to maintain certain covenants including a minimum ratio of project debt to equity during the construction period. To September 30, 2007, the Corporation drew $18-million on the facilities.

9. SEASONALITY

The fertilizer business is seasonal in nature. Sales are concentrated in the spring and fall planting seasons while produced inventories are accumulated throughout the year. Cash collections generally occur after the planting seasons in North and South America.

Schedule 1

AGRIUM INC.
Segmentation
(Unaudited – millions of U.S. dollars)

Three Months Ended September 30

	Retail		Wholesale		Advanced Technologies		Other		Total	
	2007	2006	**2007**	2006	**2007**	2006	**2007**	2006	**2007**	2006
Net sales - external	**$ 420**	$ 342	**$ 524**	$ 457	**$ 45**	$ 22	**$ -**	$ -	**$ 989**	$ 821
- inter-segment	**7**	-	**39**	36	**1**	3	**(47)**	(39)	**-**	-
Total net sales	**427**	342	**563**	493	**46**	25	**(47)**	(39)	**989**	821
Cost of product	**293**	252	**405**	391	**35**	21	**(49)**	(39)	**684**	625
Gross profit	**$ 134**	$ 90	**$ 158**	$ 102	**$ 11**	$ 4	**$ 2**	$ -	**$ 305**	$ 196
Gross profit %	**31%**	26%	**28%**	21%	**24%**	16%	**(4%)**	-	**31%**	24%
Selling Expenses	**$ 103**	$ 87	**$ 7**	$ 9	**$ 2**	$ 2	**$ (3)**	$ (1)	**$ 109**	$ 97
EBITDA [(1)]	**$ 26**	$ -	**$ 126**	$ 78	**$ 7**	$ -	**$ (13)**	$ (21)	**$ 146**	$ 57
EBIT [(2)]	**$ 17**	$ (9)	**$ 96**	$ 47	**$ 3**	$ (3)	**$ (14)**	$ (22)	**$ 102**	$ 13

Nine Months Ended September 30

	Retail		Wholesale		Advanced Technologies		Other		Total	
	2007	2006	**2007**	2006	**2007**	2006	**2007**	2006	**2007**	2006
Net sales - external	**$ 1,904**	$ 1,591	**$ 1,781**	$ 1,641	**$ 159**	$ 62	**$ -**	$ -	**$ 3,844**	$ 3,294
- inter-segment	**7**	-	**156**	92	**20**	3	**(183)**	(95)	**-**	-
Total net sales	**1,911**	1,591	**1,937**	1,733	**179**	65	**(183)**	(95)	**3,844**	3,294
Cost of product	**1,414**	1,221	**1,406**	1,395	**139**	53	**(180)**	(100)	**2,779**	2,569
Gross profit	**$ 497**	$ 370	**$ 531**	$ 338	**$ 40**	$ 12	**$ (3)**	$ 5	**$ 1,065**	$ 725
Gross profit %	**26%**	23%	**27%**	20%	**22%**	18%	**2%**	(5%)	**28%**	22%
Selling Expenses	**$ 315**	$ 263	**$ 20**	$ 23	**$ 6**	$ 3	**$ (7)**	$ (4)	**$ 334**	$ 285
EBITDA [(1)]	**$ 163**	$ 97	**$ 479**	$ 253	**$ 25**	$ 6	**$ (74)**	$ (69)	**$ 593**	$ 287
EBIT [(2)]	**$ 138**	$ 75	**$ 390**	$ 155	**$ 15**	$ 1	**$ (78)**	$ (72)	**$ 465**	$ 159

(1) Earnings (loss) before interest expense, income taxes, depreciation, amortization and asset impairment.

(2) Earnings (loss) before interest expense and income taxes.

Schedule 2a

AGRIUM INC.
Product Lines
Three Months Ended September 30,
(Unaudited – millions of U.S. dollars)

	2007						2006					
	Net Sales	**Cost of Product Sold**	**Gross Profit**	**Sales Tonnes (000's)**	**Selling Price ($/Tonne)**	**Margin ($/Tonne)**	Net Sales	Cost of Product Sold	Gross Profit	Sales Tonnes (000's)	Selling Price ($/Tonne)	Margin ($/Tonne)
Wholesale												
Nitrogen [1]												
Ammonia	**$ 85**	**$ 76**	**$ 9**	**246**	**$ 346**	**$ 37**	$ 74	$ 68	$ 6	249	$ 297	$ 24
Urea	**172**	**108**	**64**	**484**	**355**	**132**	199	133	66	821	242	80
Nitrate, Sulphate and Other	**88**	**64**	**24**	**334**	**263**	**72**	50	44	6	245	204	24
Total Nitrogen	**345**	**248**	**97**	**1,064**	**324**	**91**	323	245	78	1,315	246	59
Phosphate	**108**	**82**	**26**	**223**	**484**	**117**	67	63	4	204	328	20
Potash [2]	**65**	**32**	**33**	**354**	**184**	**93**	51	34	17	325	157	52
Product Purchased for Resale	**45**	**43**	**2**	**121**	**372**	**17**	52	49	3	242	215	12
	563	**405**	**158**	**1,762**	**320**	**90**	493	391	102	2,086	236	49
Retail [3]												
Fertilizers	**201**	**153**	**48**				150	121	29			
Chemicals	**161**	**111**	**50**				150	116	34			
Other	**65**	**29**	**36**				42	15	27			
	427	**293**	**134**				342	252	90			
Advanced Technologies												
Controlled Release Products	**37**	**28**	**9**				19	16	3			
Other	**9**	**7**	**2**				6	5	1			
	46	**35**	**11**				25	21	4			
Other inter-segment eliminations	**(47)**	**(49)**	**2**				(39)	(39)	-			
Total	**$ 989**	**$ 684**	**$ 305**				$ 821	$ 625	$ 196			

(1) International nitrogen sales were 198,000 tonnes (2006-457,000); net sales were $53-million (2006-$111-million) and gross profit was $18-million (2006-$55-million).

(2) International potash sales were 185,000 tonnes (2006-152,000); net sales were $30-million (2006-$20-million) and gross profit was $16-million (2006-$11-million).

(3) International retail net sales were $82-million (2006-$51-million) and gross profit was $14-million (2006-$8-million).

AGRIUM INC.
Product Lines
Nine Months Ended September 30,
(Unaudited – millions of U.S. dollars)

	2007						2006					
	Net Sales	Cost of Product Sold	Gross Profit	Sales Tonnes (000's)	Selling Price ($/Tonne)	Margin ($/Tonne)	Net Sales	Cost of Product Sold	Gross Profit	Sales Tonnes (000's)	Selling Price ($/Tonne)	Margin ($/Tonne)
Wholesale												
Nitrogen [(1)]												
Ammonia	$ 329	$ 265	$ 64	875	$ 376	$ 73	$ 316	$ 272	$ 44	890	$ 355	$ 49
Urea	518	325	193	1,529	339	126	529	381	148	1,981	267	75
Nitrate, Sulphate and Other	333	254	79	1,302	256	61	187	153	34	794	236	43
Total Nitrogen	1,180	844	336	3,706	318	91	1,032	806	226	3,665	282	62
Phosphate	327	256	71	755	433	94	237	214	23	726	326	32
Potash [(2)]	212	102	110	1,222	173	90	164	90	74	968	169	76
Product Purchased for Resale	218	204	14	692	315	20	300	285	15	1,195	251	13
	1,937	1,406	531	6,375	304	83	1,733	1,395	338	6,554	264	52
Retail [(3)]												
Fertilizers	1,060	808	252				819	649	170			
Chemicals	532	407	125				510	405	105			
Other	319	199	120				262	167	95			
	1,911	1,414	497				1,591	1,221	370			
Advanced Technologies												
Controlled Release Products	150	116	34				44	37	7			
Other	29	23	6				21	16	5			
	179	139	40				65	53	12			
Other inter-segment eliminations	(183)	(180)	(3)				(95)	(100)	5			
Total	$ 3,844	$ 2,779	$ 1,065				$ 3,294	$ 2,569	$ 725			

(1) International nitrogen sales were 566,000 tonnes (2006-1,129,000); net sales were $158-million (2006-$276-million) and gross profit was $57-million (2006-$117-million).

(2) International potash sales were 601,000 tonnes (2006-370,000); net sales were $85-million (2006-$48-million) and gross profit was $47-million (2006-$25-million).

(3) International retail net sales were $159-million (2006-$107-million) and gross profit was $30-million (2006-$18-million).