

TALISMAN

E N E R G Y

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Talisman Nine Month Cash Flow More Than Double at \$1.7 Billion

CALGARY, ALBERTA--Talisman Energy Inc. today announced continued record cash flow, earnings and production.

"We continue to ride the crest of high oil and gas prices supported by strong underlying performance," said Dr. Jim Buckee President and Chief Executive Officer. " Production per share is up 22% compared to the first nine months of last year. With maintenance turnarounds complete in the North Sea, we anticipate record high production volumes for the fourth quarter, averaging approximately 420,000 boe/d.

"At current prices, we expect to generate more than \$17/share in cash flow this year. We will enter 2001 in a strong financial position with a good balance of high netback producing properties, as well as both short and long term growth opportunities."

"We also continue to repurchase Talisman shares. All things being equal, we will extend the repurchase next year.

FINANCIAL HIGHLIGHTS

Talisman continues to post record high financial results due to both substantial production growth and strong commodity prices. The Company's quarterly oil price averaged \$42.37/bbl, up 41% over 1999.

Talisman's cash flow for nine months totalled \$1.7 billion (\$12.46/share), up 149% over the same period last year. Third quarter cash flow was \$579 million (\$4.18/share), up 106%.

Net income available to common shareholders for nine months was \$621.2 million (\$4.49/share). Third quarter net income available to common shareholders was \$212.2 million (\$1.53/share), up 282%.

Year to date, revenues totalled \$2.9 billion and capital spending totalled \$781.7 million, an increase of 5%. Canadian spending is up 160% to \$448.7 million, reflecting a significant increase in drilling activity.

Long-term debt (including preferred securities) was \$2.3 billion as at September 30, 2000. Debt to cash flow is 1.1 times (based on 12 month trailing cash flow.)

OPERATIONAL HIGHLIGHTS

Talisman averaged 407,000 boe/d over the first nine months of the year, an increase of 41% (118,000 boe/d) over the same period last year. Production increases have come from successful drilling programs in all core areas augmented by acquisitions in the North Sea and Canada.

Liquids production averaged 243,000 bbls/d over nine months, up 68%. Natural gas production averaged 986 mmcf/d, an increase of 14%. Operating costs have remained constant at \$5.05/boe.

Canadian production averaged 191,000 boe/d over nine months, an increase of 17%. Gas production averaged 750 mmcf/d, up 15%. A total of 201 oil wells and 183 gas wells have been drilled in Canada year to date, with an average drilling success rate of 89%.

In August, Talisman announced a 23% increase in Canadian exploration and production spending to \$641 million. Additionally, in September, Talisman spent \$145 million for two strategic pipelines feeding its Edson gas plant and opening up a new gas exploration area.

North Sea production averaged 132,000 boe/d, an increase of 78% over the first nine months of 1999. Talisman completed the acquisitions of the Fourth Round Assets, adding substantial low cost reserves, production volumes and future investment opportunities.

North Sea operating costs have been reduced from \$9.63/boe in the first nine months of 1999 to \$8.12/boe for the same period this year. The Company tied in a new oil discovery at North Leven during the quarter.

Reported production in Indonesia is down 18% from the first three quarters of 1999, primarily due to Pertamina's funding election in the Ogan Komering Block, which decreased Talisman's working interest. Corridor gas production averaged 111 mmcf/d with realized prices of \$5.47/mcf. Two major gas contracts have been initialled which will result in increased gas volumes starting in 2003.

Initial indications from the Suban 4 well are very encouraging and reserve additions will be booked following testing.

Oil production from Sudan averaged 44,825 bbls/d, 7% above plan. The exploration well at Timsah will test in November. Talisman is planning to spud another two exploration wells on Block 4 before year end and has identified a major new prospect on Block 2A which will spud this year.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis should be read in conjunction with the unaudited interim consolidated financial statements for the nine months ended September 30, 2000 and the accompanying notes.

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	Three months ended September 30			Nine months ended September 30		
	2000	1999	% Change	2000	1999	% Change
Cash flow (\$ million)	579.3	280.8	106	1,723.4	691.9	149
Cash flow per share \$(1)	4.18	2.30	82	12.46	5.76	116
Net income available to common shareholders (\$million)	212.2	55.6	282	621.2	76.9	708
Net income per share						

available to common shareholders (\$) (2)	1.53	0.45	240	4.49	0.64	602
Oil and liquids production (mbbls/d)	238	149	59	243	144	69
Natural gas production (mmcf/d)	956	844	13	986	867	14
mboe/d (gas at 6 mcf = 1 boe)	397	290	37	407	289	41

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(1) Cash flow per share is reported prior to preferred security charges of \$10.0 million for the three months ended September 30, 2000 (\$8.3 million for the three months ended September 30, 1999).

(2) Net income per share available to common shareholders is reported after preferred security charges, net of tax of \$5.6 million for the three months ended September 30, 2000 (\$4.6 million for the three months ended September 30, 1999).

Cash flow grew 106% to \$579.3 million (\$4.18/share) for the third quarter of 2000, compared to the third quarter of 1999 with higher production volumes and strong commodity prices for both crude oil and natural gas. Net income available to common shareholders for the third quarter increased 282% to \$212.2 million (\$1.53/share).

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PRODUCTION

	Three months ended September 30		Nine months ended September 30	
	2000	1999	2000	1999
Oil and liquids (mbbls/d)				
Canada	66.7	55.9	66.1	55.3
North Sea	104.8	54.1	111.4	55.9
Indonesia	19.7	28.8	20.5	29.4
Sudan	46.4	10.5	44.8	3.5
	237.6	149.3	242.8	144.1
Natural gas (mmcf/d)				
Canada	747	640	750	650
North Sea	99	92	125	110
Indonesia	110	112	111	107
	956	844	986	867
mboe/d (gas at 6 mcf = 1 boe)	397	290	407	289

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Production increased 37% to 397 mboe/d due to drilling success, increased production from the Greater Nile Oil Project in Sudan, acquisitions in the North Sea and the purchase of Rigel Energy Corporation. Oil and liquids production averaged 237,600 bbls/d during the quarter, an increase of 59% over the third quarter of 1999. Natural gas production averaged 956 mmcf/d during the third quarter, up 13% over the same period in 1999. Indonesia liquids production decreased as a result of natural production declines and the funding election by Pertamina, the Indonesian national oil

company, which decreased Talisman's working interest in the Ogan Komering ("OK") Block. Platform shutdowns for maintenance in the North Sea during the third quarter temporarily reduced oil and liquids production by 14,605 bbls/d (12%) from the second quarter.

Normal seasonal demand and platform shutdowns accounted for the decreased gas production of 36 mmcf/d from the second quarter.

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	Three months ended September 30		Nine months ended September 30	
	2000	1999	2000	1999

Average realized prices (1)				
Crude oil and liquids (\$/bbl)	38.57	28.67	36.65	22.18
Natural gas (\$/mcf)	4.25	2.56	3.73	2.49
Results of hedging activities				
Crude oil and liquids (\$/bbl) (2)	(3.89)	(1.55)	(2.99)	(1.14)
Natural gas - Canada (\$/mcf)	(0.29)	(0.30)	(0.17)	(0.06)
- Indonesia (\$/mcf)	(0.05)	(0.09)	(0.04)	(0.10)
Average royalty rates (%) (3)				
Canada	24	21	23	18
North Sea	4	2	4	2
Indonesia	23	29	21	29
Sudan	45	21	39	21

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(1) Results of hedging activities included in average realized prices.

(2) Crude oil and liquids hedging losses of \$197 million year to date reflect estimates for full year contracts based on a September 30, 2000 forward price curve for WTI. Assuming WTI averages US\$32.00/bbl for the fourth quarter, the estimated full year hedging loss is \$3.34/bbl. Results of hedging activities are allocated to conventional oil and liquids production.

(3) Average royalty rates shown as a percentage of gross sales before hedging activities.

Talisman's average realized oil and liquids price for the three months ended September 30, 2000 increased 35% while the average Canadian natural gas price increased 73% from the same period last year. Strong demand for both crude oil and natural gas and concerns over storage levels in North America have increased commodity prices significantly in 2000 over 1999. Higher commodity prices were partially offset by an increase in hedging losses.

Average royalty rates in Canada have increased reflecting higher commodity prices. Recent acquisitions in the North Sea are largely subject to royalties therefore increasing the overall average. Indonesia's average royalty rate decreased as a result of Pertamina's funding election in the OK Block. This was partially offset by an increase in Indonesian gas royalties paid in the third quarter due to higher commodity prices. Sudan's average rate increased due to higher oil prices and increased production from fields subject to higher royalty rates.

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	Three months ended		Nine months ended	
	September 30		September 30	
Operating costs (\$/boe)	2000	1999	2000	1999
Canada	4.00	3.32	3.49	3.14
North Sea	8.46	10.49	8.12	9.63
Indonesia	4.01	4.31	3.82	4.37
Sudan	3.75	4.77	3.67	4.77
	5.35	5.27	5.05	5.05

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Total company unit operating costs increased 2% in the third quarter of 2000 over the same period in 1999. On a year-to-date basis unit operating costs are constant with unit operating cost reductions in the North Sea, Indonesia and Sudan offset by higher operating costs in Canada due to high operating costs at certain former Rigel properties and increased maintenance activities in the third quarter. Third quarter Canadian gas operating costs have also been impacted by higher than anticipated third party processing charges related to prior quarters. North Sea unit operating costs decreased 19% to \$8.46/boe for the quarter as a result of lower cost production from the Fourth Round Assets, successful cost reduction initiatives on other properties and a stronger Canadian dollar versus the pound sterling. Increased maintenance costs and the corresponding lower production volumes as a result of turnarounds in the third quarter temporarily reduced these North Sea savings on a per unit basis. Indonesian unit operating costs on a boe basis are down due to a higher proportion of production being from natural gas. Sudan's 1999 operating costs reflect higher unit costs during the initial start up phase.

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EXPLORATION & DEVELOPMENT EXPENDITURES (\$ MILLION)	Three months ended		Nine months ended	
	September 30		September 30	
	2000	1999	2000	1999
Canada	161.5	55.0	448.7	172.9
North Sea	69.6	101.6	204.3	264.5
Indonesia	27.0	11.1	50.6	37.9
Sudan	2.1	52.2	47.3	238.7
Other	4.3	2.7	30.8	27.1
	264.5	222.6	781.7	741.1

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Canadian capital expenditures reflect a significant increase in drilling activity and are expected to reach \$641 million by year end. Capital expenditures in the North Sea are expected to increase in the fourth quarter and will focus on the recently acquired Fourth Round Assets, the Halley oil field development and the Blake oil field. Indonesian capital expenditures related to the expansion of the Corridor Gas Facility will be incurred following the completion of negotiations of future gas sales contracts. Capital commitments related to the development of the Greater Nile Oil Project in Sudan were significantly reduced with the substantial completion of the pipeline construction in the third quarter of 1999.

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	Three months ended September 30		Nine months ended September 30	
(\$ million except where indicated)	2000	1999	2000	1999
Depreciation, depletion and amortization (\$/boe)	7.79	6.82	7.64	6.49
Net property disposition gains	1.4	30.1	9.6	66.2
Interest costs capitalized	3.8	8.7	11.2	41.4

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Depreciation, depletion and amortization during the third quarter of 2000 increased 14% to \$7.79/boe over the same period in 1999 due to the Rigel acquisition and higher North Sea production. Interest costs of \$3.8 million have been capitalized in the third quarter of 2000 relating to the Blake oil field development. The majority of the interest costs capitalized in the third quarter of 1999 related to the Greater Nile Oil Project.

Effective January 1, 2000, Talisman adopted the new recommendations of the Canadian Institute of Chartered Accountants with respect to accounting for income taxes. Under the new recommendations, the liability method of tax allocation must be applied, which determines future income taxes based on the differences between assets and liabilities reported for financial purposes and those reported for tax purposes. Previously, the Company used the deferral method, which determined deferred income taxes based on the differences in the timing of income and expenses reported for financial accounting purposes from those reported for income tax purposes. The new method was applied retroactively without restatement of the 1999 financial statements.

The effect of the new recommendations on the opening 2000 financial statements was to increase future income taxes \$670.4 million and decrease retained earnings by the same amount. The increase is largely due to past corporate acquisitions where acquired tax pools were less than the values allocated to property, plant and equipment for accounting purposes.

Pursuant to a normal course issuer bid announced February 25, 2000, to date Talisman has purchased 3,103,700 common shares of the Company for a total cost to date of \$152.8 million of which 1,948,900 common shares were purchased prior to September 30, 2000 at a cost of \$92 million. Talisman may purchase up to 6,918,064 common shares representing 5% of the outstanding common shares of the Company at the time the normal course issuer bid was announced. The normal course issuer bid expires in February 2001.

EXPLORATION AND OPERATIONS REVIEW

CANADA

Liquids production in Canada increased during the quarter to 66,720 bbls/d from 66,177 bbls/d in the second quarter as a result of successful drilling in Greater Arch and Carlyle. Liquids production is up 10,823 bbls/d from the third quarter of 1999 due to drilling success and the acquisition of Rigel and Highridge. Gas production for the quarter averaged 747 mmcf/d, an increase of 12 mmcf/d over last quarter and 107 mmcf/d over third quarter 1999. Plant turnarounds, weather delays and one time operational issues negatively impacted third quarter gas production,

accounting for approximately 30 mmcf/d in deferred production.

The Company continued its successful drilling program during the quarter with an additional 162 wells drilled. Year to date, Talisman has drilled 430 wells (257 operated), resulting in 183 gas wells and 201 oil wells (89% success rate). This is a 221% increase from 134 wells drilled during the first nine months of 1999.

In Chauvin, 68 wells were drilled year to date with a 100% success rate. Chauvin production remained flat over the last quarter but increased by approximately 1,500 bbls/d over the third quarter of 1999. This increase is mainly attributable to the extremely successful drilling program and the Highridge acquisition. The final 13 wells of the 30 well horizontal program in the North Town lands contributed 600 bbls/d in the third quarter. Waterflood optimization of the 38-well development program drilled in 1999 was completed in the Main Mannville Unit area. A significant oil development program of 24 wells at Evesham was initiated late in this quarter. A joint venture oil exploration program in the Edgerton East area was successful in delineating a new pool. Development plans for 2001 for this area will include an infill and step out program complemented with facility and waterflood installation.

As part of Talisman's efforts to reduce gas flaring, the Chauvin solution gas-gathering project is expected to commence operation late in the fourth quarter. We expect to conserve over 5 mmcf/d of gas in 2001. This gas, which would otherwise be vented or flared, will reduce Talisman's emissions in the area by 78%, at a cost of \$9.2 million. The conserved gas will be transmitted by pipeline to an existing gas plant which utilizes a technology that results in virtually zero emissions by reinjecting waste by-product gases back into the formation. Talisman has worked closely with, and received very positive response from government and regulatory bodies for this project.

In Carlyle, 45 wells have been drilled to date with an 82% success rate. Carlyle production increased 167 bbls/d over the second quarter and 1,316 bbls/d over the third quarter of 1999. Production at Carlyle is currently 10,524 bbls/d.

In Greater Arch, 85 wells have been drilled to date with a 70% success rate. Forty-three wells drilled during the quarter brought on an additional 37 mmcf/d of productive capacity. Greater Arch liquids production increased 545 bbls/d in this quarter over last quarter and increased by 7,224 bbls/d over the third quarter of 1999, due to successful drilling in 2000 and the Rigel acquisition. Production in the Greater Arch is currently 11,335 bbls/d and 200 mmcf/d.

Thirteen of the wells drilled in the Greater Arch in the third quarter will come on production before year end. They include eight gas wells forecast to produce approximately 10.5 mmcf/d and five oil wells forecast to produce 540 bbls/d.

In the Foothills area, gas production is 90 mmcf/d. During the quarter six wells were drilled and we expect an additional 15 mmcf/d of production in the next quarter as more wells are tied in. There are currently seven wells (three operated and four non-operated) being drilled in the Foothills area.

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The following Foothills wells were tested in this quarter:

Well	Talisman%	Test Rate
2-35-46-20w5	90.74	16 mmcf/d

10-10-46-19w5	95.2	12.3 mmcf/d
5-22-49-22w5	23.7	6.9 mmcf/d

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During the quarter, Talisman purchased the Central Foothills Gas Gathering and the Columbia Minehead Gas Gathering systems. This purchase provides Talisman with a strategic connection between relatively unexploited areas of the Western Canada Basin and several major sour gas processing facilities, including the Talisman operated Edson Gas Plant. Integration of the system is progressing on schedule.

NORTH SEA

Oil production from the North Sea was 104,800 bbls/d for the third quarter compared to 119,400 bbls/d in the second quarter of 2000. The reservoir performance of Talisman's North Sea fields continues to equal or exceed expectations, however during the third quarter 27,000 bbl/d was deferred due to planned plant turnarounds and unplanned plant shutdowns. Of this, 11,000 bbls/d was deferred as a result of planned turnarounds at Claymore, Piper, Scapa, Saltire and Tartan. The remaining 16,000 bbls/d was deferred as a result of a number of unplanned shutdowns.

All of the unplanned deferrals have been resolved with the exception of Ross, which is expected to return to maximum production in early November, and Beatrice where pipeline repairs are required. Beatrice (4,000 bbls/d) will remain shut in until the end of the first quarter 2001. At the end of October, North Sea oil production is 124,000 bbls/d, which will increase to 128,000 bbls/d when Ross returns to maximum production. Gas production was 99 mmcf/d in the third quarter compared to 135 mmcf/d in the second quarter; this is driven by normal seasonal demand and platform shutdowns.

Development planning for the Halley field (Talisman 60%) continued during the quarter. The field development plan was agreed and the project commenced. First production is expected in the second quarter 2001 with Talisman's share of production at 7,200 bbls/d.

Development of the Blake field continued; four development wells have been drilled and first production remains on target for August 1, 2001.

Development of the Beauvy field (Talisman 60%) continued and the production well was sidetracked, completed and tested at 9,000 bbls/d. First production is expected in December 2000.

At Buchan, the first coiled tubing operation to plug back a well and deepen gas lift was completed successfully and resulted in a production increase of 2,000 bbls/d. Coiled tubing drilling to sidetrack wells will resume in second quarter 2001 after the winter weather period.

The North Leven exploration well (Talisman 81.5%) was drilled and completed successfully during the quarter and commenced production at 10,000 bbls/d.

Operatorship of the Tartan Highlander Petronella fields was transferred to Talisman as planned on October 1, 2000.

Unit operating costs continue to be reduced sharply as planned. The increase in third quarter costs is temporary as a result of the reduced volumes in the quarter arising from the planned and unplanned shutdowns.

INDONESIA

Development drilling in the OK Block was completed for the year; eight of the nine wells were successful.

Development drilling at Tanjung continued and by the end of the quarter eight of nine wells were successful.

Corridor gas and oil production operations continued as planned. Negotiations for sale of gas to Singapore and for increased gas sales to Duri continued to make progress. An appraisal well, Suban 4 on the major Suban/Durian Mabok discovery reached total depth and proved that the gas water contact is much deeper than suggested by previous drilling; consequently this could lead to a very significant increase in gas reserves.

The Molah 1 well in the Madura offshore block has been abandoned.

SUDAN

Production operations continued successfully during the quarter with Talisman's share of production averaging 46,400 bbls/d. Projects have been approved to expand production and transportation capacity to 220,000 bbls/d and to tie in two new fields in the second half of 2001.

The Timsah exploration well was cased and suspended pending test operations planned for the fourth quarter of 2000. Year to date, 15 wells have been drilled, seven wells have tested oil, one well was a stratigraphic test and seven are cased awaiting testing.

ALGERIA

The appraisal of the MLNW area continued with the drilling of MLNW-3. The well was cased and suspended for future field development after encountering hydrocarbons in the TAG zone.

The Zettah exploration well was drilled and cased pending test operations planned for the fourth quarter of 2000.

The Ourhoud field development is progressing with the award of the contract for the field facilities. Development of the MLN field has been approved.

TRINIDAD

Plans are underway to drill a stepout well to delineate two previous gas discoveries on Block 2c. An exploration well is being planned for Block 2ab.

COLOMBIA

Talisman has agreed to an association contract on the Acevedo block in Colombia, with formal approval expected shortly. The company plans a seismic program over the next 18 months.

Talisman Energy Inc. is the largest independent Canadian oil and gas producer with operations in Canada, the North Sea, Indonesia and Sudan. Talisman is also conducting exploration in Algeria, Trinidad and Colombia. Talisman has adopted the International Code of Ethics for Canadian Business and is committed to demonstrating leadership, maintaining the highest standards of excellence in corporate citizenship and social responsibility wherever it does business. The Company's shares are listed on The Toronto Stock Exchange in Canada and the New York Stock Exchange in the United States under the symbol TLM.

FORWARD-LOOKING STATEMENTS

Statements in this press release may contain forward-looking statements including expectations of future cash flow, production

and capital expenditures. Information concerning reserves may also be deemed to be forward-looking statements as such estimates involve the implied assessment that the resources described can be profitably produced in future. These statements are based on current expectations that involve a number of risks and uncertainties, which could cause actual results to differ from those anticipated. These risks include, but are not limited to: the background risks of the oil and gas industry (e.g., operational risks in development, exploration and production; potential delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of reserve estimates; the uncertainty of estimates and projections relating to production, costs and expenses, and health, safety and environmental risks), risks in conducting foreign operations (e.g. political and fiscal instability), price and exchange rate fluctuation and uncertainties resulting from potential delays or changes in plans with respect to exploration or development projects or capital expenditures. Additional information on these and other factors which could affect Talisman's operation or financial results are included in Talisman's Annual Report under the headings "Management's Discussion and Analysis - Sensitivities," "Risks and Uncertainties," and "-Outlook," and in Talisman's other reports on file with Canadian securities regulatory authorities and the U.S. Securities and Exchange Commission.

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Talisman Energy Inc.
Highlights

	Three months ended September 30		Nine months ended September 30	
	2000	1999	2000	1999

Financial				
(millions of Canadian dollars unless otherwise stated)				
Cash flow	579.3	280.8	1,723.4	691.9
Net income	217.8	60.2	637.9	84.6
Exploration and development expenditures	264.5	222.6	781.7	741.1
Per common share (dollars)				
Cash flow (1)	4.18	2.30	12.46	5.76
Net income available to common shareholders	1.53	0.45	4.49	0.64

Production				
(daily average production)				
Oil and liquids (bbls/d)				
Canada	64,081	52,849	63,522	52,460
North Sea	104,771	54,086	111,444	55,918
Indonesia	19,707	28,801	20,467	29,428
Sudan	46,435	10,478	44,825	3,531
Synthetic oil	2,640	3,047	2,568	2,823

Total oil and liquids	237,634	149,261	242,826	144,160

Natural gas (mmcf/d)				
Canada	747	640	750	650
North Sea	99	92	125	110
Indonesia	110	112	111	107

Total natural gas	956	844	986	867

Total mboe/d (gas at 6:1)	397	290	407	289

Prices				
Oil and liquids (\$/bbl)				
Canada	35.86	25.20	34.33	19.78
North Sea	38.34	31.68	36.99	23.59
Indonesia	42.33	28.29	38.97	22.41
Sudan	40.80	30.89	37.65	30.89
Synthetic oil	46.25	31.38	43.19	25.55

Total oil and liquids	38.57	28.67	36.65	22.18

Natural gas (\$/mcf)				
Canada	4.11	2.38	3.55	2.36
North Sea	3.67	2.52	3.27	3.13
Indonesia	5.69	3.42	5.47	2.66

Total natural gas	4.25	2.56	3.73	2.49

Total (\$/boe)	33.23	22.14	30.81	18.53

(1) Cash flow per common share is calculated before deducting preferred security charges.

Talisman Energy Inc.
Consolidated Balance Sheets

(millions of Canadian dollars)	September 30 2000	December 31 1999

Assets		
Current		
Cash	\$ 0.2	\$ 54.0
Accounts receivable	751.4	569.4
Inventories	101.9	84.4
Prepaid expenses	28.4	22.3

	881.9	730.1

Accrued employee pension benefit asset	62.5	60.6
Other assets	88.8	45.0
Property, plant and equipment	7,427.7	6,983.0

	7,579.0	7,088.6

Total assets	\$ 8,460.9	\$ 7,818.7

Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 913.0	\$ 973.1
Income and other taxes payable	193.6	49.5
Current portion of long-term debt	31.8	37.6

	1,138.4	1,060.2

Deferred credits	60.8	130.4
Provision for future site restoration	470.1	284.0
Long-term debt	1,873.4	2,157.2
Future income taxes	1,401.2	563.9
	3,805.5	3,135.5
Shareholders' equity		
Preferred securities	430.6	430.6
Common shares	2,895.5	2,901.2
Contributed surplus	77.9	79.0
Retained earnings	113.0	212.2
	3,517.0	3,623.0
Total liabilities and shareholders' equity	\$ 8,460.9	\$ 7,818.7

Interim statements are not independently audited.

Talisman Energy Inc.
Consolidated Statements of Income

(millions of Canadian dollars except per share amounts)	Three months ended		Nine months ended	
	September 30 2000	September 30 1999	September 30 2000	September 30 1999
Revenue				
Gross sales	\$ 1,216.9	\$ 592.5	\$ 3,447.0	\$ 1,463.8
Less royalties	268.2	105.9	659.5	225.9
Net sales	948.7	486.6	2,787.5	1,237.9
Other	26.6	11.6	72.6	35.2
Total revenue	975.3	498.2	2,860.1	1,273.1
Expenses				
Operating	206.8	146.2	601.4	414.9
General and administrative	19.9	15.3	66.6	48.4
Depreciation, depletion and amortization	284.6	181.9	852.6	511.9
Dry hole	21.5	7.4	52.9	36.6
Exploration	26.4	20.8	65.5	53.7
Interest on long-term debt	34.1	30.5	103.7	76.5
Other	2.9	(26.9)	16.3	(56.5)
Total expenses	596.2	375.2	1,759.0	1,085.5
Income before taxes	379.1	123.0	1,101.1	187.6
Taxes				
Current income tax	95.7	16.4	230.0	27.4
Future income tax	29.1	38.2	123.0	58.2
Petroleum revenue tax	36.5	8.2	110.2	17.4
	161.3	62.8	463.2	103.0
Net income	217.8	60.2	637.9	84.6
Preferred security charges, net of tax	5.6	4.6	16.7	7.7

Net income available to common shareholders	\$	212.2	\$	55.6	\$	621.2	\$	76.9
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Per common share (dollars)

Net income available to common shareholders	\$	1.53	\$	0.45	\$	4.49	\$	0.64
Fully diluted net income available to common shareholders		1.48		0.45		4.34		0.64

Average number of common shares

outstanding (millions)	138.4	122.2	138.3	120.1
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Consolidated Statements of Retained Earnings

(millions of Canadian dollars)	Three months ended September 30		Nine months ended September 30	
	2000	1999	2000	1999
Retained earnings (deficit), beginning of period	\$ (56.2)	\$ 70.0	\$ 212.2	\$ 48.7
Net income	217.8	60.2	637.9	84.6
Adoption of new accounting policy	-	-	(670.4)	-
Purchase of common shares	(43.0)	-	(50.0)	-
Preferred securities charges	(5.6)	(4.6)	(16.7)	(7.7)
Retained earnings, end of period	\$ 113.0	\$ 125.6	\$ 113.0	\$ 125.6

Talisman Energy Inc.

Consolidated Statements of Cash Flows

(millions of Canadian dollars)	Three months ended September 30		Nine months ended September 30	
	2000	1999	2000	1999
Operating				
Net income	\$ 217.8	\$ 60.2	\$ 637.9	\$ 84.6
Items not involving current cash flow	335.1	199.8	1,020.0	553.6
Exploration	26.4	20.8	65.5	53.7
Cash flow	579.3	280.8	1,723.4	691.9
Changes in non-cash working capital	117.3	(46.7)	274.6	(72.4)
Cash provided by operating activities	696.6	234.1	1,998.0	619.5
Investing				
Corporate acquisitions	-	(85.8)	-	(85.8)
Capital expenditures				
Exploration, development and corporate Acquisitions	(267.6)	(228.2)	(784.5)	(750.4)
	(144.5)	(26.2)	(448.9)	(44.1)

Proceeds of dispositions				
Resource properties	5.7	37.0	45.0	95.5
Investments	0.2	-	0.2	-
Changes in non-cash working capital	(53.6)	58.7	(414.4)	(51.7)

Cash used in investing activities	(459.8)	(244.5)	(1,602.6)	(836.5)

Financing				
Long-term debt repaid	(822.7)	(236.1)	(2,016.2)	(1,195.6)
Long-term debt issued	630.6	227.3	1,670.0	1,135.1
Common shares (purchased) issued	(63.8)	9.8	(56.8)	18.3
Preferred securities issued	-	-	-	428.0
Preferred security charges	(10.0)	(8.3)	(29.8)	(13.8)
Deferred credits and other	(43.6)	13.4	(38.7)	17.7
Changes in non-cash working capital	22.1	(0.4)	22.3	(150.3)

Cash (used in) provided by financing activities	(287.4)	5.7	(449.2)	239.4

Net (decrease) increase in cash	(50.6)	(4.7)	(53.8)	22.4
Cash (bank indebtedness), beginning of period	50.8	24.6	54.0	(2.5)

Cash, end of period	\$ 0.2	\$ 19.9	\$ 0.2	\$ 19.9

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(unaudited) (tabular amounts in millions of Canadian dollars ("\$\$")
except as noted)

The Interim Consolidated Financial Statements of Talisman Energy Inc. ("Talisman" or the "Company") have been prepared by management in accordance with accounting principles generally accepted in Canada. Certain information and disclosures normally required to be included in notes to annual consolidated financial statements has been condensed or omitted. The Interim Consolidated Financial Statements should be read in conjunction with the Consolidated Financial Statements and the notes thereto in Talisman's Annual Report for the year ended December 31, 1999.

SIGNIFICANT ACCOUNTING POLICIES

The Interim Consolidated Financial Statements have been prepared following the same accounting policies and methods of computation as the Consolidated Financial Statements for the year ended December 31, 1999, except as described below.

Effective January 1, 2000, Talisman adopted the new recommendations of the Canadian Institute of Chartered Accountants with respect to accounting for income taxes. Under the new recommendations, the liability method of tax allocation must be applied, which determines future income taxes based on the differences between assets and liabilities reported for financial purposes and those reported for tax purposes. Previously, the Company followed the deferral method, which determined deferred income taxes based on the differences in the timing of income and

expenses reported for financial accounting purposes from those reported for income tax purposes. The new method was applied retroactively without restatement of the 1999 financial statements.

The effect of the new recommendations on the opening 2000 financial statements was as follows:

Increase future income tax	\$670.4 million
Decrease retained earnings	\$670.4 million

The adjustment to retained earnings resulted primarily from the recognition of the future tax cost of past corporate acquisitions where the tax basis acquired were less than the purchase price. The decrease in future income tax expense for the three months ended September 30, 2000 resulted in an increase to net income of \$20 million (\$60 million for the nine months ended September 30, 2000).

CONTINGENCIES AND COMMITMENTS

Talisman's estimated total future dismantlement, site restoration and abandonment liability at September 30, 2000 was \$1.4 billion (December 31, 1999 - \$1.0 billion), of which approximately 80% is denominated in UK pounds sterling. At September 30, 2000, Talisman had accrued \$470.1 million (December 31, 1999 - \$284.0 million) of this liability and will continue to accrue the remaining balance in accordance with the Company's policy as set out in note 1(e) of the December 31, 1999 Consolidated Financial Statements.

COMMON AND PREFERRED SHARES

Talisman's authorized share capital consists of an unlimited number of common shares without nominal or par value and first and second preferred shares. No preferred shares have been issued.

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Continuity of common shares	2000	
	Shares	Amount
Balance at January 1, 2000	138,346,297	\$ 2,901.2
Issued upon exercise of stock options	1,203,127	35.2
Purchased and cancelled during period	(1,948,900)	(40.9)
Balance at September 30, 2000	137,600,524	\$ 2,895.5

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As at September 30, 2000 Talisman has purchased 1,948,900 common shares of the Company pursuant to a normal course issuer bid announced February 25, 2000 for a total cost of \$92.1 million. Talisman may purchase up to 6,918,064 common shares representing 5% of the outstanding common shares of the Company at the time the normal course issuer bid was announced. Subsequent to September 30, 2000 the Company purchased an additional 1,154,800 common shares pursuant to the normal course issuer bid for a cost of \$60.7 million.

Talisman has stock option plans that allow employees and directors to receive options to purchase common shares of the Company. Options granted under the plans are generally exercisable after three years and expire ten years after the grant date. Option

exercise prices approximate the market price for the common shares on the date the options are issued.

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Continuity of stock options		2000	
	Number Of Options	Average Exercise Price	
Outstanding at January 1	7,211,864	\$ 32.30	
Granted	1,077,972	39.07	
Exercised	1,203,127	29.29	
Expired	169,012	37.22	
Outstanding at September 30	6,917,697	\$33.75	
Exercisable at September 30	3,604,318	\$32.55	

Talisman Energy Inc.
Segmented Information

(millions of Canadian dollars)	Canada	North Sea	Indonesia	Sudan	Other	Total
Three months ended September 30, 2000						
Total revenue	\$ 377.1	\$ 407.1	\$102.9	\$ 88.3	\$ (0.1)	\$ 975.3
Segmented expenses	224.3	214.6	55.6	39.2	8.5	542.2
Segmented income (loss)	152.8	192.5	47.3	49.1	(8.6)	433.1
General and administrative expense						19.9
Interest on long-term debt						34.1
Income before taxes						\$ 379.1
Three months ended September 30, 1999						
Total revenue	\$ 213.5	\$ 183.5	\$ 78.0	\$ 23.9	\$ (0.7)	\$ 498.2
Segmented expenses	137.0	137.6	36.9	16.6	1.3	329.4
Segmented income (loss)	76.5	45.9	41.1	7.3	(2.0)	168.8
General and administrative expense						15.3
Interest on long-term debt						30.5
Income before taxes						\$ 123.0
Nine months ended September 30, 2000						
Total revenue	\$1,041.5	\$1,247.5	\$301.6	\$268.1	\$ 1.4	\$2,860.1

Segmented expenses	605.8	727.3	124.9	110.9	19.8	1,588.7

Segmented income (loss)	435.7	520.2	176.7	157.2	(18.4)	1,271.4
General and administrative expense						66.6
Interest on long-term debt						103.7

Income before taxes						\$1,101.1

Nine months ended September 30, 1999

Total revenue	\$ 601.2	\$ 466.5	\$180.1	\$ 23.9	\$ 1.4	\$1,273.1
Segmented expenses	396.7	416.3	113.4	24.3	9.9	960.6

Segmented income (loss)	204.5	50.2	66.7	(0.4)	(8.5)	312.5
General and administrative expense						48.4
Interest on long-term debt						76.5

Income before taxes						\$ 187.6

Segmented assets	\$3,767.8	\$2,887.9	\$775.7	\$826.3	\$ 97.8	\$8,355.5
Corporate assets						105.4

Total assets at September 30, 2000						\$8,460.9

Segmented assets	\$3,497.6	\$2,475.6	\$808.8	\$853.2	\$ 78.8	\$7,714.0
Corporate assets						104.7

Total assets at December 31, 1999						\$7,818.7

Talisman Energy Inc.
Consolidated Financial Ratios

The following financial ratios are provided in connection with the company's continuous offering of medium term notes pursuant to the short form prospectus dated April 7, 2000 and a prospectus supplement dated April 10, 2000, and are based on the corporation's consolidated financial statements that are prepared in accordance with accounting principles generally accepted in Canada.

The asset coverage ratios are calculated as at September 30, 2000. The interest coverage ratios are for the 12 month period then ended.

	September 30	
	2000	

Interest coverage (times)		
Income	8.24	(1)
Cash flow	16.08	(2)
Asset coverage (times)		
Before deduction of deferred income taxes and deferred credits	3.91	(3)

After deduction of deferred income taxes and
deferred credits 2.88 (4)

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- (1) Net income plus income taxes and interest expense; divided by the sum of interest expense and capitalized interest.
 - (2) Cash flow plus current income taxes and interest expense; divided by the sum of interest expense and capitalized interest.
 - (3) Total assets minus current liabilities; divided by long-term debt.
 - (4) Total assets minus current liabilities and long-term liabilities excluding long-term debt; divided by long-term debt.

Talisman Energy Inc.
Product Netbacks

	Three months ended		Nine months ended	
	September 30		September 30	
	2000	1999	2000	1999

CANADA				
Oil and liquids (\$/bbl)				
Sales price	35.86	25.20	34.33	19.78
Royalties	9.38	5.97	8.70	4.24
Operating costs	4.12	3.92	3.94	3.49
	22.36	15.31	21.69	12.05

Natural gas (\$/mcf)				
Sales price	4.11	2.38	3.55	2.36
Royalties	1.08	0.56	0.83	0.41
Operating costs	0.66	0.50	0.54	0.49
	2.37	1.32	2.18	1.46

NORTH SEA				
Oil and liquids (\$/bbl)				
Sales price	38.34	31.68	36.99	23.59
Royalties	1.73	0.53	1.55	0.43
Operating costs	9.05	11.80	9.03	11.21
	27.56	19.35	26.41	11.95

Natural gas (\$/mcf)				
Sales price	3.67	2.52	3.27	3.13
Royalties	0.12	0.01	0.10	0.04
Operating costs	0.80	0.98	0.54	0.80
	2.75	1.53	2.63	2.29

INDONESIA				
Oil and liquids (\$/bbl)				
Sales price	42.33	28.29	38.97	22.41
Royalties	14.60	12.00	13.18	9.11
Operating costs	5.53	5.56	5.24	5.21
	22.20	10.73	20.55	8.09

Natural gas (\$/mcf)				
Sales price	5.69	3.42	5.47	2.66
Royalties	0.57	0.19	0.36	0.15
Operating costs	0.40	0.40	0.38	0.50
	4.72	2.83	4.73	2.01

SUDAN				

Oil (\$/bbl)				
Sales price	40.80	30.89	37.65	30.89
Royalties	20.17	6.63	15.87	6.63
Operating costs	3.75	4.77	3.67	4.77
	-----	-----	-----	-----
	16.88	19.49	18.11	19.49
	-----	-----	-----	-----
TOTAL COMPANY				
Oil and liquids (\$/bbl)				
Sales price	38.48	28.61	36.58	22.11
Royalties	8.54	5.19	7.10	3.81
Operating costs	6.36	7.22	6.36	6.93
	-----	-----	-----	-----
	23.58	16.20	23.12	11.37
	-----	-----	-----	-----
Natural gas (\$/mcf)				
Sales price	4.25	2.56	3.73	2.49
Royalties	0.92	0.45	0.68	0.33
Operating costs	0.64	0.54	0.52	0.53
	-----	-----	-----	-----
	2.69	1.57	2.53	1.63
	-----	-----	-----	-----

Netbacks include the impact of hedging and do not include synthetic oil or pipeline operations.

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