

TALISMAN

E N E R G Y

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FOR: TALISMAN ENERGY INC.

TSX, NYSE SYMBOL: TLM

JULY 30 2002

Talisman Three Month Cash Flow \$652 Million

CALGARY, ALBERTA--

\$1.2 Billion Year to Date

Production up 16% Over Last Year

Talisman Energy Inc. today reported second quarter cash flow of \$652 million (\$4.84/share). This is an increase of 2% from a year ago and up 13% from the first quarter. Contributing factors included a 16% increase in production volumes from the second quarter of 2001, lower royalty rates and lower unit operating costs. Commodity prices were down 14% from a year ago but 15% higher than average realized prices in the first quarter.

Net income was \$90 million (\$0.62/share) during the quarter, compared to \$289 million (\$2.09/share) a year ago. Talisman has reflected recent changes to the North Sea and Alberta fiscal regimes during the quarter, taking a one time \$116 million non-cash charge as a provision for future tax liabilities. Excluding this charge, Talisman's net income would have been \$206 million (\$1.48/share) for the quarter.

"Talisman's success with the drill bit continues, most recently at Monkman deep," said Dr. Jim Buckee, President and Chief Executive Officer. "Each such success generates value and future production for our shareholders. Operationally, the Company continues to perform well, maintaining production rates in the second quarter, which is an accomplishment considering this is a period of high maintenance and plant turnarounds. Production averaged 450,000 boe/d during the quarter, an increase of 16% from last year. Over the remainder of the year, we expect to average between 450,000-460,000 boe/d. For 2003 and 2004, we are expecting approximately 10% compound growth as new projects come on stream in Southeast Asia, Algeria and Trinidad.

"Capital spending will likely be increased from earlier estimates of \$2 billion to about \$2.2 billion with the increase primarily allocated to minor asset deals.

"Commodity prices, in particular oil prices, have remained resilient with continued economic growth and the overhang of political tension in the Middle East. However, Alberta spot natural gas prices have fallen as a result of a number of short-term factors, including pipeline maintenance, increased hydropower and high storage levels. Talisman has approximately 15-20% of its domestic gas exposed to AECO spot prices, which in turn represents less than 10% of the Company's production volumes.

"We are currently forecasting cash flow per share of \$18-19 for 2002, based on US\$24.75/bbl WTI and US\$3.10/mcf NYMEX gas prices over the balance of the year. With a solid balance sheet, continuing strong cash flow and good growth prospects, Talisman remains a premium investment."

Second Quarter Financial and Production Summary

- Cash flow of \$652 million (\$4.84/share), compared to \$641 million (\$4.73/share) in the second quarter of 2001. Cash flow was up 13% over

the first quarter.

- Net income of \$90 million (\$0.62/share), compared to \$289 million (\$2.09/share) a year earlier. Excluding a one time charge for future tax liabilities, income during the quarter would have been \$206 million (\$1.48/share).
- Production of 450,000 boe/d during the quarter, compared to 387,000 boe/d a year earlier.
- Oil prices of \$36.46/bbl in the second quarter, down 6% from the second quarter of 2001. Natural gas prices were \$4.02/mcf (\$4.08/mcf in Canada), down 30% compared to \$5.74/mcf (\$5.99/mcf in Canada) in the same period last year.
- Long-term debt of \$2.8 billion (1.2:1 debt to cash flow ratio based on previous 12 months).
- Exploration and development spending during the quarter of \$386 million, versus \$474 million in the same period a year ago.

Operations Summary

- Talisman has participated in 226 wells in Canada year to date, including 129 gas wells and 73 oil wells (89% success).
- A significant deep gas discovery was made near Talisman's Monkman operations in the B.C. Foothills. The b-79-J well tested at rates of 15-37 mmcf/d, opening a large potential new play area on Talisman land.
- Alberta Foothills production reached a record 130 mmcf/d during the quarter.
- In the North Sea, the Halley field was commissioned on July 2, with production rates currently in excess of 18,000 bbls/d (Talisman 60%).
- Significant exploration wells are underway in the Buchan Area, the Flotta Catchment Area and near Clyde.
- In Indonesia, additional gas sales from the Corridor field are expected at year end. Negotiations continue for sales to new markets.
- The development of Talisman's oil and gas properties in Malaysia/Vietnam is on budget and scheduled for start up in the third quarter of 2003.
- In Sudan, Talisman continues to delineate the potential in Block 4. An appraisal well located the oil water contact at Diffra West, proving the commerciality of the structure. In a separate compartment, Diffra-1 is preparing to test.
- In Algeria, the MLN project is 40% complete with first oil expected in the second quarter of 2003. First oil from Ourhoud is expected at year end.
- Two appraisal wells were drilled in Trinidad during the quarter. Both encountered hydrocarbons. The Mokatika exploration well was dry.

Management's Discussion and Analysis (MD)

This discussion and analysis should be read in conjunction with the Interim Consolidated Financial Statements. The calculation of barrels of oil equivalent (boe) is based on a conversion rate of six thousand cubic feet (mcf) of natural gas for one barrel of oil equivalent. All comparative percentages are between the quarters ended June 30, 2002 and June 30, 2001, unless stated otherwise. All amounts are in Canadian dollars unless otherwise indicated.

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	Three months ended June 30		Six months ended June 30	
	2002	2001	2002	2001
Financial (millions of Canadian dollars unless otherwise stated)				
Cash flow(1)	652	641	1,229	1,405
Net income(1) &(3)	90	289	191	572
Exploration and development expenditures	386	474	948	848
Per common share (dollars)				
Cash flow(1) - Basic	4.84	4.73	9.15	10.37
- Diluted	4.76	4.64	9.00	10.18
Net income(2) &(3) - Basic	0.62	2.09	1.33	4.14

- Diluted	0.61	2.05	1.31	4.06

Production (daily average production)				
Oil and liquids (bbls/d)	275,157	224,085	276,556	232,271
Natural gas (mmcf/d)	1,051	980	1,047	987

Total boe/d (6mcf equals 1 boe)	450,354	387,486	451,137	396,739

- 1) Amounts are reported prior to preferred security charges of \$10 million (\$6 million, net of tax) for the three months ended June 30, 2002 (2001 - \$11 million; \$6 million, net of tax).
- 2) Per common share amounts for net income and diluted net income are reported after preferred security charges.
- 3) Comparative 2001 net income and related per share amounts have been restated in accordance with a new CICA accounting standard (see Accounting Changes).

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Cash flow for the quarter ended June 30, 2002 increased \$11 million (2%) to \$652 million with higher production more than offsetting lower commodity prices. Cash flow for the first six months was \$1.2 billion, down from \$1.4 billion in 2001. Net income for the quarter fell to \$90 million (\$0.62/share) due largely to a one time non-cash adjustment related to an increase in the UK corporate tax rate.

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	Three months ended June 30		Six months ended June 30	
Production (daily average production)	2002	2001	2002	2001

Oil and liquids (bbls/d)				
Canada	63,050	66,624	63,328	66,456
North Sea	129,002	85,751	130,850	95,533
Southeast Asia	22,501	18,502	22,766	18,628
Sudan	60,604	53,208	59,612	51,654

	275,157	224,085	276,556	232,271

Natural gas (mmcf/d)				
Canada	822	792	822	791
North Sea	136	99	128	103
Southeast Asia	93	89	97	93

	1,051	980	1,047	987

Total boe/d (6mcf equals 1boe)	450,354	387,486	451,137	396,739

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Total liquids production for the quarter is up 51,072 bbls/d (23%) with the majority of the increase coming from the North Sea with additional increases in Sudan and Malaysia/Vietnam in Southeast Asia. Total natural gas production for the quarter is up 71 mmcf/d (7%) with increases in Canada and the North Sea.

North Sea liquids production is up 50% or 43,251 bbls/d during the quarter compared to last year with a significant portion of the increase coming from the Blake oil field. The Ross/Blake combined rate was 30,657 bbls/d for the quarter compared to 972 bbls/d for Ross in the second quarter of 2001. Ross had been shut in for the second quarter of 2001 to allow production vessel modifications for Blake production to be tied in. Production

from Beatrice contributed to an increase of 7,636 bbls/d for the quarter as Beatrice was shut-in during the first half of 2001 for pipeline replacement. Hannay averaged 2,400 bbls/d during the quarter and was impacted by operational issues which have now been resolved. Hannay commenced production in March 2002. Ongoing development drilling and minor property acquisitions more than offset natural declines in other core areas.

Liquids production in Canada is down from a year ago due to minor non-core property dispositions and natural declines, partially offset by development drilling at Chauvin and other core areas.

Southeast Asia production increased to 22,501 bbls/d due to the inclusion of production from Malaysia/Vietnam PM3 CAA (5,444 bbls/d) which was partly offset by natural declines in the Indonesian blocks. Indonesia production averaged 17,057 bbls/d for the quarter, with declines mitigated by a successful fracture stimulation program at Tanjung.

Sudan production increased 14% due to facilities enhancements, increased pipeline capacity, additional use of electrical submersible pumps, pipeline drag reducing agents and ongoing development drilling.

Natural gas production for the quarter in Canada is up over last year due to successful drilling and the Petromet acquisition in May 2001. Production for the quarter is consistent with the first quarter. Additional development drilling helped offset natural declines, minor non-core property disposals and routine maintenance turnarounds. North Sea natural gas production for the quarter is up 38% from last year and 15% from the first quarter due to an increase in pipeline capacity available to Talisman and the acquisition of Lundin Oil's interest in the Brae field. Southeast Asia natural gas production is highly dependent on demand from Caltex, currently the Company's sole purchaser of gas from Corridor. During the second quarter, demand from Caltex fell causing gas production to average 93 mmcf/d. Production from OK Block (4 mmcf/d), which commenced at the end of the first quarter, partly offset the reduction in demand from Caltex. As a result of the sales to Caltex falling below their minimum volume commitment of approximately 100 mmcf/d, Talisman recorded \$7 million of deferred revenue during the quarter.

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	Three months ended June 30		Six months ended June 30	
Netbacks	2002	2001	2002	2001

Oil and liquids (\$/bbl)				
Sales price	36.46	38.66	33.87	37.57
Hedging expense (income)	0.11	0.12	(0.32)	0.13
Royalties	6.32	8.34	5.92	7.44
Operating costs	7.17	7.45	7.27	7.19
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	22.86	22.75	21.00	22.81

Natural gas (\$/mcf)				
Sales price	4.02	5.74	3.78	6.99
Hedging expense (income)	(0.16)	0.13	(0.25)	0.28
Royalties	0.65	1.37	0.64	1.69
Operating costs	0.62	0.62	0.61	0.60
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	2.91	3.62	2.78	4.42

Total \$/boe	20.77	22.32	19.32	24.36

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Netbacks do not include synthetic oil and pipeline operations. Additional netback information by major product type and region is included elsewhere in this interim report.

World oil prices are down slightly from a year ago but have increased from the first quarter. Talisman's crude oil prices are consistent with the movement in world oil indices. The strengthening Canadian dollar reduced the Company's reported price as compared to the oil indices; within Canada this was offset by an improvement in the heavy oil differential.

Natural gas prices in North America have decreased by one third compared to the second quarter of 2001 but have rebounded from the first quarter of 2002. The change in Talisman's Canadian natural gas price tracked the North American indices but was partially mitigated by fixed price contracts that reduced Talisman's exposure to temporary price fluctuations. North Sea natural gas spot prices are seasonal resulting in a drop of 39% from the first quarter of 2002. Southeast Asia natural gas prices are tied to oil prices.

The strengthening oil prices during the quarter resulted in \$3 million (\$0.11/bbl) of losses on oil hedges, similar to the loss in the second quarter of 2001, but down from the gain of \$19 million (\$0.75/bbl) recorded in the first quarter of this year. The decrease in North American gas prices resulted in a \$0.16/mcf gain on financial gas hedges (\$16 million) for the quarter, as compared to a loss last year during the same period of \$0.13/mcf (\$12 million).

As a result of the CICA deferring the Accounting Guideline on Hedging Relationships until 2003, the Company will continue to record the cash payments and receipts on its three-way collars as part of hedging activities.

	Three months ended June 30		Six months ended June 30	
Average royalty rates (%)	2002	2001	2002	2001
Canada	18	26	20	26
North Sea	5	5	5	5
Southeast Asia	25	20	26	20
Sudan	38	45	38	42
	17	23	17	22

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The average royalty rate for the Company decreased, compared to last year, as a result of lower commodity prices with the most significant decrease being in Sudan. Royalties in Sudan are impacted by price changes, production levels and the timing of expenditures. In Canada, in addition to the impact of lower commodity prices, there has been a temporary rate reduction in the quarter of 2% relating to adjustments from earlier periods. Southeast Asia royalties increased due to the depletion of a cost recovery pool at Tanjung and the inclusion of production from PM3 CAA, which has a royalty rate of 30%. The natural gas royalty rate in the North Sea increased to 13% as a result of the acquisition of Lundin Oil's carried interest in the Brae field. The overall royalty rate in the North Sea remained at 5% with a small drop in liquids royalties offsetting the natural gas rate increase. In conjunction with the change in fiscal terms in the UK, as discussed later, the UK announced its intention to abolish government royalties at a date to be determined in the future.

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	Three months ended June 30		Six months ended June 30	
Operating costs (\$/boe)	2002	2001	2002	2001
Canada	4.14	4.39	4.28	4.26
North Sea	8.53	9.76	8.90	9.20
Southeast Asia	5.71	5.55	5.43	5.11
Sudan	4.55	3.93	3.74	3.82

5.81 5.85 5.87 5.69

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Canadian operating costs averaged \$4.14/boe, down 6% from the second quarter of 2001, with unit costs of \$4.64/bbl for liquids and \$0.65/mcf for natural gas. Unit operating costs for the first half of 2002 are relatively unchanged from the first half of 2001.

North Sea unit operating costs decreased to \$8.53/boe for the quarter due to the increase in production. As compared to the first quarter of 2002, North Sea unit operating costs are down due to reduced maintenance expenditures.

Southeast Asia unit operating costs averaged \$7.61/bbl for liquids (2001 \$8.04/bbl) and \$0.49/mcf for natural gas (2001 \$0.41/mcf). Reduced Indonesian liquids operating costs more than offset the decline in production to reduce the unit operating costs below 2001. Higher operating costs coupled with a small decrease in production caused natural gas unit costs to increase slightly in 2002.

Sudan unit operating costs are up due to the increase in use of production enhancing measures such as drag reducing agents and electrical submersible pumps.

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Exploration and Development Expenditures (\$ millions)	Three months ended June 30		Six months ended June 30	
	2002	2001	2002	2001
Canada	147	198	432	407
North Sea	105	206	254	313
Southeast Asia	55	17	105	34
Sudan	21	28	46	51
Other	58	25	111	43
	386	474	948	848

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Exploration and development expenditures totalled \$948 million for the first six months of 2002. The total capital budget for the year is expected to be \$2.2 billion. In Canada, the focus continues to be on natural gas exploration and development. In the North Sea, a significant portion of the amount spent during the first six months was on development spending for Hannay, Halley, Tartan and Claymore. In Southeast Asia, the majority of the capital spending related to the Malaysia/Vietnam development. In Sudan, three quarters of the amount spent in the first six months of 2002 related to development activities with the remainder spent on exploration. Other exploration and development expenditures for the first six months of 2002 included \$52 million spent in Trinidad, \$41 million in Algeria and \$6 million in Colombia.

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DDA(\$/boe)	Three months ended June 30		Six months ended June 30	
	2002	2001	2002	2001
Canada	8.14	7.89	8.27	7.49
North Sea	12.42	12.01	12.13	11.55
Southeast Asia	6.11	6.38	6.11	6.46

Sudan	4.14	4.13	4.23	3.99
	8.88	8.33	8.85	8.10

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Depreciation, depletion and amortization increased with higher production. The overall DDARate increased with higher capital spending and a change in production mix with more production as a percentage of the Company's total production being sourced from the UK. In Canada, the rate was further impacted by the Petromet acquisition and higher land acquisition costs. The DDARate decreased in Southeast Asia due to increased Corridor natural gas reserves which is partially offset by the higher DDARate associated with PM3 CAA production.

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Other (\$ millions except where noted)	Three months ended June 30		Six months ended June 30	
	2002	2001	2002	2001
GA(\$/boe)	0.87	0.75	0.81	0.75
Interest costs capitalized	4	7	11	12
Dry hole expense	25	41	52	55
Other expense	23	(60)	74	2
Interest expense	46	30	84	59
Other revenue	18	18	39	43

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Other expense for the quarter ended June 30, 2002 includes foreign exchange losses of \$13 million, primarily on the Pound Sterling debt prior to it being swapped into US dollars, the Company's functional currency since January 1, 2002. In the second quarter of 2001, other expense included foreign exchange gains of \$53 million primarily related to the US dollar denominated long-term debt. As discussed below in Accounting Changes, the Company has restated the 2001 foreign exchange gains in accordance with a new CICA accounting standard.

Other expense in the six months ended June 30, 2002 includes an impairment charge recorded during the first quarter of \$45 million (\$32 million after tax) relating to the North Sea Kildrummy project. The results of the second appraisal well indicated that the reserves were not sufficient for field development under present economic circumstances.

The increase in interest expense reflects the increase in average debt levels in 2002 compared to 2001.

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Taxes (\$ millions)	Three months ended June 30		Six months ended June 30	
	2002	2001	2002	2001
Current income tax	73	69	124	194
Future income tax	125	34	122	109
Petroleum revenue tax	35	36	76	80
	233	139	322	383

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The Company's effective tax rate, after adjusting for petroleum revenue tax, which is deductible for income tax purposes, increased to 69% for the quarter. This is due to the one time non-cash increase of \$116 million in the future tax liability at June 30, 2002 as a result of changes to the UK and Alberta corporate tax rates as explained below. The effective rate before the changes to the corporate tax rates is 29%, down from the comparable rate in 2001, due to an increase in the percentage of the Company's pre-tax income coming from the UK.

During the quarter, the UK substantially enacted a 10% supplemental tax on North Sea oil and gas profits and an acceleration of capital allowances. The impact of these changes is expected to be cash flow positive in the near term as the acceleration of capital allowances more than offsets the new 10% tax. On a non-cash basis, the provision for future tax liability during the second quarter was increased \$128 million as a result of the substantial enactment of the supplemental tax. Partially offsetting the increase in UK future tax is a \$12 million reduction in Canada as a result of a decrease in the Alberta corporate tax rate, effective April 1, 2002.

Long-term Debt and liquidity

During the quarter, the Company completed a \$571 million (pnds stlg 250 million) Eurobond offering of 6.625% notes due December 5, 2017. The Company has entered into a partial term hedge to effectively convert this indebtedness into a US dollar floating rate liability.

The current portion of long-term debt as shown at December 31, 2001 has been eliminated as a result of the Company's ability to refinance amounts due within one year with existing bank facilities.

During the first quarter, the Company renewed its shelf prospectus under which it may issue up to \$500 million of medium term notes in aggregate in the Canadian public debt market. The shelf prospectus expires in March 2004.

The Company renewed its normal course issuer bid in March 2002. This permits Talisman to purchase up to 6,716,781 of its common shares, representing 5% of the total number of common shares outstanding at the time of the renewal. No common shares have been repurchased by Talisman during the first six months of 2002.

Accounting changes

As disclosed in the Notes to the June 30, 2002 and December 31, 2001 Consolidated Financial Statements, effective January 1, 2002, the following accounting changes were implemented:

The Company adopted the US dollar as its functional currency to reflect the increased exposure to the US dollar as a result of the growth in international operations. The Canadian and UK operations are considered to be self-sustaining with the Canadian dollar and Pound Sterling as their respective functional currencies. The adoption of the Pound Sterling as the functional currency of the UK operations is the result of the increased financial self-sustainability of this operation and its overall exposure to Pound Sterling transactions. The method used to translate the Company's results and financial position for items and transactions denominated in non-US currency is described in the notes to the interim financial statements.

As disclosed in the notes to the March 31, 2002 Interim Consolidated Financial Statements, the change in functional currency did not have a significant impact on the financial results of the Company for the quarter ended March 31, 2002. However, due to the weakening of the US dollar during the second quarter vis-à-vis the Canadian dollar and Pound Sterling, had the Company not made the above change to its functional currency, the net income for the quarter ended June 30, 2002 would have been approximately \$100 million higher, primarily relating to foreign exchange gains on its US dollar denominated debt. Had the UK operations continued to be accounted for as being integrated with the parent Company's operations, the Company would have recorded a \$90 million reduction to net income for the quarter ended June 30,

2002, primarily related to foreign exchange losses on its Pound Sterling denominated liabilities.

The Company's financial results continue to be displayed in Canadian dollars using the method described in the notes to the interim financial statements.

In accordance with a new CICA accounting standard, the Company ceased the deferral and amortization of the gains or losses on foreign currency denominated long-term debt. The new standard has been applied retroactively and the financial statements of comparative periods have been restated. The impact of the new standard on the current quarter's results was to decrease net income by \$6 million. As indicated above, the 2001 comparative financial statements have been restated to include the impact of the new accounting standard as if the standard had been effective January 1, 2001. The restatement increased the net income for the quarter ended June 30, 2001 by \$52 million.

Amortization of goodwill ceased and goodwill is now subject to ongoing annual impairment reviews, or as economic events dictate, based on the fair value of reporting units. This change did not have a significant impact on the current quarter's financial results.

Sensitivities

Talisman's financial performance is impacted by factors such as changes in volumes, commodity prices and exchange rates. The sensitivities as disclosed in the year end MDARemain largely unchanged except that they have been updated for higher oil prices of US\$24.75/bbl WTI and new commodity hedging contracts. As a result of these changes, the approximate impact in the second half of 2002 of a US\$1.00/bbl increase in WTI is a \$38 million increase in cash flow and a \$34 million increase in net income. For a US\$1.00/bbl decrease in WTI, the approximate impact is a \$23 million reduction to cash flow and a \$25 million reduction in net income.

Exploration and Operations Review

Canada

During the first six months of 2002, Talisman participated in 226 gross wells of which 143 were operated. A total of 129 gas wells and 73 oil wells were drilled with a success rate of 89%.

A recent commercial gas discovery at the Talisman-operated West Sukunka B-79-J/93-P-4 well opens up significant potential for new discoveries from deeper, under-explored reservoirs on Talisman land in the Monkman area of the B.C. Foothills. The well tested at a peak rate of 37 mmcf/d and is expected to be on production by September 2002. On July 17, 2002, Talisman and its partners purchased 7,383 hectares of land on trend with the B-79-J discovery well for \$12 million complementing the two large blocks of land along the trend to the northwest already owned by Talisman.

Talisman's production in the Alberta Foothills core area reached record high levels of 130 mmcf/d during the quarter. This follows recent drilling, which has seen completion of 12 (gross) gas wells with a success rate of 100%. The three best gas wells produced 27 mmcf/d at their peak.

In the Greater Arch, Talisman drilled 42 gross wells year to date, out of a planned 2002 drilling program of 79 wells, with a 76% success rate. To date, nine gross wells (4.8 net), drilled at the end of 2001 have been tied in and are producing at an average of 4.5 mmcf/d.

Bigstone Wild River drilling success continues with 20 of a planned 36 wells drilled to date, with 100% success. The Wild River plant expansion was completed in early April and is currently delivering 20 mmcf/d of gas to Talisman's Central Foothills Gas Gathering System (CFGGS) and into the Talisman operated Edson Gas Plant. In Edson, 14 wells have been drilled with a 100% success rate. At Whitecourt, 21 of 29 planned wells have been drilled, with a 95% success rate.

At Chauvin, 12 oil wells have been drilled to date, with an additional 50 wells planned during the third and fourth quarters.

At Lac La Biche, Talisman drilled seven wells with a 95% success rate. First half drilling and well tie-ins added 4 mmcf/d initial production. In Carlyle eight horizontal wells were drilled (100% success). Shaunavon has seen four wells out of a six well drilling program completed.

As part of our ongoing rationalization program, Talisman completed 31 asset transactions during the quarter. Year to date, the value of Canadian property acquisitions and divestitures has been \$141 million with net capital expenditures of \$86 million.

United States

In Pennsylvania, the Fortuna/Seneca No. 3 well reached total depth at 13,844 feet, drilling 2,864 feet of horizontal section in the Black River. The well has been suspended, prior to completing a potential uphole gas zone.

North Sea

Talisman continued an active program in the North Sea spending \$105 million during the quarter. Production in the quarter was flat against the first quarter of 2002 and up 48% against the second quarter of 2001, largely because the Ross and Beatrice facilities were shut in for most of the second quarter of 2001 and the Blake field had not started production.

During the quarter, the sand production issues at Hannay were resolved and the field is now producing over 5,000 bbls/d without sand production. Coiled tubing drilling continued on the Buchan field.

The Halley production well was completed during the quarter and started production on July 2. Production rates in excess of 18,000 bbls/d (Talisman 60%) are being achieved. A Halley injector will spud in the third quarter.

A successful development well was drilled at Saltire (Talisman 60%) in the Flotta Catchment Area and is expected to add over 2,000 bbls/d.

A subsea leak in the Claymore water injection system has constrained production by up to 5,000 bbls/d (Talisman share) in the second quarter; this will be repaired in the third quarter.

At the end of the second quarter, three significant exploration wells were drilling, one in the Buchan area, one in the Flotta Catchment Area and one near Clyde.

Planning for the Blake flank is continuing and a development decision is expected in the third quarter.

Indonesia

Additional gas sales to Caltex from the Corridor Gas Project are expected at year end. The Singapore gas sales project is expected to start production at the end of 2003. Negotiations for additional gas sales to Malaysia, Singapore, Batam, Sumatra and Java are continuing.

A consortium including Talisman has been selected as the preferred bidder to invest in the new Indonesian gas pipeline company, Trans Gas Indo. Talisman will have a 15% stake in the consortium which will hold a 40% interest in the pipeline company. This process is expected to be completed during the third quarter and will give the Company a strategic position in the existing gas pipeline from Corridor to Duri, the pipeline being constructed from Corridor to Singapore and potential new pipelines.

The Maleo-1 farm out well, in which Talisman retained a 25% working interest, tested at a rate of 13.5 mmcf/d.

Malaysia/Vietnam

The development of the PM3 CAA remains on budget and scheduled for production start up in the third quarter of 2003.

An exploration commitment well at Chengkeh in the PM3 CAA was unsuccessful.

A consortium including Talisman was selected as the preferred bidder for the large block 46/02 in Vietnam adjacent to the PM3 CAA and detailed negotiations are progressing.

Sudan

Production in Sudan continues to exceed expectations and averaged 60,600 bbls/d in the second quarter; up 14% on the second quarter of 2001 and 3% on the first quarter of 2002. Current production remains constrained by pipeline capacity, however the consortium has now committed to additional pumping capacity which will increase pipeline capacity to approximately 300,000 bbls/d (gross) during the third quarter of 2003.

The Munga field is expected to start up in early August at a capability of 30,000 bbls/d, although production will be constrained by capacity.

Water injection into the Unity field continues to increase and is currently at 38,000 bwpd. The reservoir is responding as expected to water injection.

The appraisal well at Diffra West located the oil water contact, proving the commerciality of the structure. A well (Diffra-1) in a separate fault block will be tested in the third quarter and a well at Hamam in a fault block adjacent to Diffra West is drilling.

Nine exploration wells and one development well were drilled in the second quarter. Three of the exploration wells were dry and abandoned.

Algeria

The Greater MLN project is 40% complete in preparation for first oil in April 2003. Production is expected to rise to 11,000 bbls/d (Talisman share) by year end 2003.

First oil for Ourhoud is expected at the end of 2002. Talisman's share of Ourhoud production is expected to be close to 5,000 bbls/d in 2003.

Trinidad

Following up on the mid-2001 oil discovery and subsequent appraisal wells, two appraisal wells were drilled in the second quarter. Angostura 2 encountered 714 feet of Angostura sand, including 258 of net gas pay and 35 feet of net oil pay. Canteen 2 encountered 1546 feet of Angostura sand, 63 feet of which was oil pay, the remainder being wet. Reserve estimates and the development plans are being revised in light of these results. First oil is expected during the second half of 2004.

The Mokatika exploration well was dry and abandoned.
The Licence for the Eastern Block was signed in July.

Talisman Energy Inc. is one of the largest independent Canadian oil and gas producers with operations in Canada, the North Sea, Indonesia, Malaysia, Vietnam and Sudan. Talisman is also conducting exploration in Algeria, Trinidad, Colombia and the United States. Talisman has adopted the International Code of Ethics for Canadian Business and is committed to maintaining high 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.

This press release contains "forward-looking statements" within the meaning of the US Private Securities Litigation Reform Act of 1995, including

estimates of future production, cash flows and net income, business plans for drilling and exploration, anticipated completion dates and results of exploration, development, maintenance and refurbishment projects, the estimated amounts and timing of capital expenditures, the assumptions upon which estimates are based, and other expectations, beliefs, plans, objectives, assumptions or statements about future events or performance (often, but not always, using words such as "expects", "anticipates", "plans", "estimates", or "intends", or stating that certain actions, events or results "may" or "will" be taken, occur or be achieved). Forward-looking statements are based on current expectations, estimates and projections that involve a number of risks and uncertainties, which could cause actual results to differ materially from those reflected in the statements. These risks include, but are not limited to: the risks of the oil and gas industry (for example, operational risks in exploring for, developing and producing crude oil and natural gas; risks and uncertainties involving geology of oil and gas deposits; the uncertainty of reserve estimates; the uncertainty of estimates and projections relating to future production, costs and expenses; potential delays or changes in plans with respect to exploration, development maintenance or refurbishment projects or capital expenditures; and health, safety and environmental risks); uncertainties as to the availability and cost of financing; risks in conducting foreign operations (for example, political and fiscal instability or the possibility of civil unrest or military action in countries such as Indonesia, Sudan, Algeria or Colombia); the effect of United States sanctions against Sudan and the possibility of changes in U.S. law or policy with respect to companies doing business in Sudan; fluctuations in oil and gas prices and foreign currency exchange rates; and the possibility that government policies may change or governmental approvals may be delayed or withheld. Additional information on these and other factors, which could affect the Company's operations or financial results, are included in the Company's other reports on file with Canadian securities regulatory authorities and the United States Securities and Exchange Commission. Forward-looking statements are based on the estimates and opinions of the Company's management at the time the statements are made. The Company assumes no obligation to update forward-looking statements should circumstances or management's estimates or opinions change.

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Talisman Energy Inc.
Highlights

	Three months ended June 30		Six months ended June 30	
	2002	2001	2002	2001
<hr/>				
Financial				
(millions of Canadian dollars unless otherwise stated)				
Cash flow	652	641	1,229	1,405
Net income (1)	90	289	191	572
Exploration and development expenditures	386	474	948	848
Per common share (dollars)				
Cash flow (2)	4.84	4.73	9.15	10.37
Net income (1)(3)	0.62	2.09	1.33	4.14
<hr/>				
Production				
(daily average production)				
Oil and liquids (bbls/d)				
Canada	60,381	63,529	60,524	63,522
North Sea	129,002	85,751	130,850	95,533
Southeast Asia	22,501	18,502	22,766	18,628
Sudan	60,604	53,208	59,612	51,654
Synthetic oil	2,669	3,095	2,804	2,934
<hr/>				
Total oil and liquids	275,157	224,085	276,556	232,271
<hr/>				
Natural gas (mmcf/d)				

Canada	822	792	822	791
North Sea	136	99	128	103
Southeast Asia	93	89	97	93

Total natural gas	1,051	980	1,047	987

Total mboe/d	450	387	451	397

Prices (4)				
Oil and liquids (\$/bbl)				
Canada	32.76	33.70	29.80	34.42
North Sea	37.71	40.48	35.77	39.66
Southeast Asia	38.77	42.81	35.78	40.51
Sudan	36.64	40.22	33.08	36.51

Crude oil and natural gas				
liquids	36.46	38.66	33.87	37.57
Synthetic oil	42.84	42.54	37.25	42.96

Total oil and liquids	36.53	38.71	33.90	37.64

Natural gas (\$/mcf)				
Canada	4.08	5.99	3.68	7.51
North Sea	3.05	3.92	3.97	4.66
Southeast Asia	4.92	5.60	4.42	5.15

Total natural gas	4.02	5.74	3.78	6.99

Total (\$/boe) (includes synthetic)	31.70	36.93	29.58	39.43

- (1) Comparative amounts for 2001 restated for new CICA accounting standard.
- (2) Cash flow per common share is calculated before deducting preferred security charges.
- (3) Net income per common share is calculated after deducting preferred security charges.
- (4) Prices are before hedging.

Talisman Energy Inc.
Consolidated Balance Sheets

(millions of Canadian dollars)	June 30 2002	December 31 2001
		(restated)

Assets		
Current		
Cash	36	17
Accounts receivable	685	654
Inventories	118	99
Prepaid expenses	20	29
	859	799

Accrued employee pension benefit asset	52	51
Other assets	42	25
Goodwill	461	467
Property, plant and equipment	9,582	9,461
	10,137	10,004

Total assets	10,996	10,803

Liabilities

Current		
Accounts payable and accrued liabilities	784	869
Income and other taxes payable	226	146
Current portion of long-term debt	-	189
	-----	-----
	1,010	1,204
	-----	-----
Deferred credits	54	71
Provision for future site restoration	698	619
Long-term debt	2,794	2,794
Future income taxes	2,109	1,989
	-----	-----
	5,655	5,473
	-----	-----
Shareholders' equity		
Preferred securities	411	431
Common shares	2,731	2,831
Contributed surplus	73	77
Cumulative foreign currency translation	190	-
Retained earnings	926	787
	-----	-----
	4,331	4,126
	-----	-----
Total liabilities and shareholders' equity	10,996	10,803
	-----	-----

See accompanying notes.
Interim statements are not independently audited.

Talisman Energy Inc.
Consolidated Statements of Income

(millions of Canadian dollars except per share amounts)	Three months ended		Six months ended	
	June 30		June 30	
	2002	2001	2002	2001
		(restated)		(restated)
Revenue				
Gross sales	1,312	1,287	2,475	2,775
Less royalties	219	291	414	614
	-----	-----	-----	-----
Net sales	1,093	996	2,061	2,161
Other	18	18	39	43
	-----	-----	-----	-----
Total revenue	1,111	1,014	2,100	2,204
	-----	-----	-----	-----
Expenses				
Operating	254	224	510	439
General and administrative	35	27	66	54
Depreciation, depletion and amortization	364	294	723	582
Dry hole	25	41	52	55
Exploration	41	30	78	58
Interest on long-term debt	46	30	84	59
Other	23	(60)	74	2
	-----	-----	-----	-----
Total expenses	788	586	1,587	1,249
	-----	-----	-----	-----
Income before taxes	323	428	513	955
	-----	-----	-----	-----
Taxes				
Current income tax	73	69	124	194
Future income tax (recovery)	125	34	122	109

Petroleum revenue tax	35	36	76	80
	233	139	322	383
Net income	90	289	191	572
Preferred security charges, net of tax	6	6	12	12
Net income available to common shareholders	84	283	179	560
Per common share (dollars)				
Net income	0.62	2.09	1.33	4.14
Diluted net income	0.61	2.05	1.31	4.06
Average number of common shares outstanding (millions)				
Basic	135	135	134	135
Diluted	137	138	137	138

Consolidated Statements of Retained Earnings

(millions of Canadian dollars)	Three months ended June 30		Six months ended June 30	
	2002	2001	2002	2001
		(restated)		(restated)
Retained earnings, beginning of period	882	619	787	308
Net income	90	289	191	572
Adoption of new accounting policy	-	(114)	-	(51)
Common share dividends	(40)	(41)	(40)	(41)
Purchase of common shares	-	(6)	-	(35)
Preferred security charges, net of tax	(6)	(6)	(12)	(12)
Retained earnings, end of period	926	741	926	741

See accompanying notes.

Interim statements are not independently audited.

Talisman Energy Inc. Consolidated Statements of Cash Flows

(millions of Canadian dollars)	Three months ended June 30		Six months ended June 30	
	2002	2001	2002	2001
		(restated)		(restated)
Operating				
Net income	90	289	191	572
Items not involving current cash flow	521	322	960	775
Exploration	41	30	78	58
Cash flow	652	641	1,229	1,405
Deferred gain on unwound hedges	(13)	-	(25)	-
Changes in non-cash working capital	28	2	10	(4)
Cash provided by operating activities	667	643	1,214	1,401
Investing				
Corporate acquisitions	-	(770)	-	(770)
Capital expenditures				

Exploration, development and corporate	(392)	(486)	(960)	(863)
Acquisitions	(15)	(3)	(20)	(131)
Proceeds of resource property dispositions	8	19	12	24
Changes in non-cash working capital	(132)	(70)	(79)	(3)

Cash used in investing activities	(531)	(1,310)	(1,047)	(1,743)

Financing				
Long-term debt repaid	(647)	(207)	(1,163)	(317)
Long-term debt issued	571	581	1,055	676
Common shares issued (purchased)	14	(4)	34	(21)
Common share dividends	(40)	(41)	(40)	(41)
Preferred security charges	(10)	(11)	(21)	(21)
Deferred credits and other	(4)	5	(13)	(18)
Changes in non-cash working capital	-	1	-	-

Cash (used in) provided by financing activities	(116)	324	(148)	258

Net increase (decrease) in cash	20	(343)	19	(84)
Cash, beginning of period	16	335	17	76

Cash (bank indebtedness), end of period	36	(8)	36	(8)

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See accompanying notes.

Interim statements are not independently audited.

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 have 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, 2001.

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, 2001 except as follows:

Change in functional currency

Effective January 1, 2002, the Company adopted the US dollar as its functional currency. Prior to January 1, 2002, the functional currency of the Company was the Canadian dollar. The Canadian and UK operations are considered self-sustaining with the Canadian dollar and Pound Sterling as their respective functional currencies. The remaining foreign operations are considered integrated and have the US dollar as their functional currency.

Self-sustaining operations are translated into US dollars using the current rate method, whereby assets and liabilities are translated at period-end exchange rates while revenues and expenses are converted using average rates for the period. Gains and losses on translation to US dollars relating to self-sustaining operations are deferred and included in a separate component of shareholders' equity described as cumulative foreign currency

translation.

Foreign operations that are not considered self-sustaining are translated using the temporal method. Under this method monetary assets and liabilities denominated in foreign currencies are translated at exchange rates in effect at the balance sheet date. Non-monetary assets and liabilities denominated in foreign currencies are translated at rates in effect on the dates the assets were acquired or liabilities were assumed. Revenues and expenses are translated at rates of exchange prevailing on the transaction dates. Gains and losses on translation are reflected in income when incurred.

The change in functional currency of the Company is due to the increased exposure to the US dollar as a result of the growth in international operations. The adoption of the Pound Sterling as the functional currency of the UK operations is the result of the increased financial self-sustainability of this operation and its overall exposure to Pound Sterling transactions.

The Company's financial results have been reported in Canadian dollars with amounts translated to Canadian dollars as follows: assets and liabilities at the rate of exchange in effect at the applicable balance sheet date and revenues and expenses at the average exchange rates for the periods. Unrealized gains and losses resulting from this translation are accumulated in a separate component of shareholders' equity described as cumulative foreign currency translation.

Treatment of foreign exchange gains and losses on long-term debt
In accordance with a newly issued Canadian Institute of Chartered Accountants (CICA) accounting standard, the Company no longer defers and amortizes the gains or losses on foreign currency denominated long-term debt as described in note 1(i) of the December 31, 2001 Consolidated Financial Statements. Such gains or losses are reflected in the Income Statement in the period incurred. As discussed in the 2001 Annual Report, and as reflected in the first quarter's interim report, the new standard is being applied retroactively with the financial statements of comparative periods restated. The impact of the new standard on the current quarter's results was to decrease net income by \$6 million. As indicated above, the 2001 comparative financial statements have been restated to include the impact of the new standard as if the standard had been effective January 1, 2001. The restatement increased the net income for the quarter ended June 30, 2001 by \$52 million.

Goodwill

Goodwill represents the excess purchase price over the fair value of identifiable assets and liabilities acquired. In accordance with a newly issued accounting standard, the amortization of goodwill ceased January 1, 2002. This change did not have a significant impact on the quarter's financial results. Goodwill is subject to impairment reviews on an annual basis, or as economic events dictate, based on the fair value of reporting units.

SHARE CAPITAL

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 (year to date)	2002	
	Shares	Amount
Balance at January 1,	133,733,182	\$ 2,831
Issued upon exercise of stock options	1,086,092	33
Currency translation	-	(133)
Balance at June 30,	134,819,274	\$ 2,731

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Pursuant to a normal course issuer bid renewed in March 2002, Talisman may repurchase up to 6,716,781 common shares representing 5% of the outstanding common shares of the Company at the time the normal course issuer bid was renewed.

STOCK OPTIONS

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.

/T/

Continuity of stock options (year to date)	2002	
	Number Of Options	Average Exercise Price
Outstanding at January 1, 2002	7,497,611	41.49
Granted	1,100,710	64.73
Exercised	1,086,092	30.45
Expired/forfeited	30,900	57.30
Outstanding at June 30, 2002	7,481,329	46.45
Exercisable at June 30, 2002	3,079,729	33.88

/T/

No amount of compensation expense has been recognized in the financial statements for stock options granted to employees and directors. The following table provides pro forma measures of net income and net income per common share had stock options been recognized as compensation expense based on the estimated fair value of the options on the grant date.

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	Three months ended				Six months ended			
	June 30, 2002		June 30, 2001		June 30, 2002		June 30, 2001	
	As Reported	Pro Forma	As Reported (restated)	Pro Forma	As Reported	Pro Forma	As Reported (restated)	Pro Forma
Net income (\$millions)	90	82	289	282	191	176	572	561
Per common share (\$/share)								
Basic	0.62	0.56	2.09	2.04	1.33	1.22	4.14	4.06
Diluted	0.61	0.55	2.05	2.00	1.31	1.20	4.06	3.98

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The pro forma amounts above are not indicative of future results as options generally vest over three years and are reflected as compensation expense in the above table over this period. Additional awards in future years are anticipated.

Stock options granted during the six months ended June 30, 2002 had an estimated weighted-average fair value of \$26.19 per option. All options issued by the Company permit the holder to purchase one common share of the Company at the stated exercise price.

The estimated fair value of stock options issued was determined using the Black-Scholes model using substantially the same assumptions disclosed in note 8 of the December 31, 2001 Consolidated Financial Statements.

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LONG-TERM DEBT

	June 30, December 31, 2002 2001	
Bank Credit Facilities (Canadian \$ denominated)	\$ 135	\$ 1,264
Debenture and Notes (unsecured)		
US\$ denominated (June 30, 2002 - US\$ 850 million; December 31, 2001 - US\$750 million)	1,291	1,194
Canadian \$ denominated	815	525
pnds stlg denominated (June 30, 2002 - pnds stlg 250 million; December 31, 2001 - nil)	553	-
	2,794	2,983
Less current portion	-	(189)
	\$ 2,794	\$ 2,794

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At June 30, 2002 the above indebtedness, including any amounts due within one year, has been classified as long-term debt since the Company has both the ability to replace the current portion with long-term borrowings under the revolving bank credit facilities and the intention to extend the terms of the respective credit facilities in 2002

During the quarter, the Company completed a \$571 million (pnds stlg 250 million) Eurobond offering of 6.625% notes due December 5, 2017. The Company entered into a US dollar cross currency swap contract and an interest rate swap contract for an equivalent amount of the bond which has in effect converted this indebtedness to US\$ 364 million with a floating interest rate based on US LIBOR. The hedge expires December 5, 2009.

Talisman Energy Inc.
Segmented Information

(millions of Canadian dollars)	Canada			
	Three months ended June 30		Six months ended June 30	
	2002	2001	2002	2001
		(restated)		(restated)
Revenue				
Gross sales	510	626	941	1,443
Royalties	89	163	170	387
Net sales	421	463	771	1,056
Other	8	9	18	18
Total revenue	429	472	789	1,074
Segmented expenses				
Operating	82	84	166	163

DDA	148	142	300	269
Dry hole	5	22	21	34
Exploration	13	15	31	28
Other	20	(31)	7	(19)

Total segmented expenses	268	232	525	475

Segmented income before taxes	161	240	264	599

Capital expenditures				
Exploration	55	81	162	154
Development	92	117	270	253

Exploration and development	147	198	432	407

Property, plant and equipment			4,873	4,773
Goodwill			291	291
Other			303	265

Segmented assets			5,467	5,329

North Sea (1)

(millions of Canadian dollars)	Three months ended June 30		Six months ended June 30	
	2002	2001	2002	2001

Revenue				
Gross sales	480	350	947	770
Royalties	22	16	49	37

Net sales	458	334	898	733
Other	10	9	21	24

Total revenue	468	343	919	757

Segmented expenses				
Operating	128	104	266	208
DDA	172	112	334	236
Dry hole	-	1	-	1
Exploration	7	10	11	13
Other	9	9	72	(11)

Total segmented expenses	316	236	683	447

Segmented income before taxes	152	107	236	310

Capital expenditures				
Exploration	26	23	53	41
Development	79	183	201	272

Exploration and development	105	206	254	313

Property, plant and equipment			2,817	2,831
Goodwill			41	41
Other			327	371

Segmented assets			3,185	3,243

SE Asia (2)

(millions of Canadian dollars)	Three months ended		Six months ended	
	June 30		June 30	
	2002	2001	2002	2001
Revenue				
Gross sales	121	117	227	222
Royalties	31	24	58	46
Net sales				
Other	-	-	-	1
Total revenue	90	93	169	177
Segmented expenses				
Operating	19	17	38	32
DDA	21	20	43	40
Dry hole	4	-	4	-
Exploration	4	1	6	2
Other	8	4	8	(1)
Total segmented expenses	56	42	99	73
Segmented income before taxes	34	51	70	104
Capital expenditures				
Exploration	10	3	14	8
Development	45	14	91	26
Exploration and development	55	17	105	34
Property, plant and equipment			944	924
Goodwill			129	135
Other			177	137
Segmented assets			1,250	1,196

Sudan

(millions of Canadian dollars)	Three months ended		Six months ended	
	June 30		June 30	
	2002	2001	2002	2001
Revenue				
Gross sales	201	194	360	340
Royalties	77	88	137	144
Net sales				
Other	-	-	-	-
Total revenue	124	106	223	196
Segmented expenses				
Operating	25	19	40	36
DDA	23	20	46	37
Dry hole	7	7	7	9
Exploration	2	3	4	8
Other	2	10	2	15
Total segmented expenses	59	59	99	105
Segmented income before taxes	65	47	124	91

Capital expenditures

Exploration	9	8	14	20
Development	12	20	32	31

Exploration and development	21	28	46	51
Property, plant and equipment			727	767
Goodwill			-	-
Other			79	44

Segmented assets			806	811

(millions of Canadian dollars)	Other			
	Three months ended June 30		Six months ended June 30	
	2002	2001	2002	2001

Revenue				
Gross sales	-	-	-	-
Royalties	-	-	-	-

Net sales	-	-	-	-
Other	-	-	-	-

Total revenue	-	-	-	-

Segmented expenses				
Operating	-	-	-	-
DDA	-	-	-	-
Dry hole	9	11	20	11
Exploration	15	1	26	7
Other	(13)	(4)	(11)	3

Total segmented expenses	11	8	35	21

Segmented income before taxes	(11)	(8)	(35)	(21)

Capital expenditures				
Exploration	30	13	65	26
Development	28	12	46	17

Exploration and development	58	25	111	43
Property, plant and equipment			221	166
Goodwill			-	-
Other			15	7

Segmented assets			236	173

(millions of Canadian dollars)	Total			
	Three months ended June 30		Six months ended June 30	
	2002	2001	2002	2001

		(restated)		(restated)
Revenue				
Gross sales	1,312	1,287	2,475	2,775
Royalties	219	291	414	614

Net sales	1,093	996	2,061	2,161

Other	18	18	39	43
Total revenue	1,111	1,014	2,100	2,204
Segmented expenses				
Operating	254	224	510	439
DDA	364	294	723	582
Dry hole	25	41	52	55
Exploration	41	30	78	58
Other	26	(12)	78	(13)
Total segmented expenses	710	577	1,441	1,121
Segmented income before taxes	401	437	659	1,083
Non-segmented expenses				
General and administrative	35	27	66	54
Interest on long-term debt	46	30	84	59
Currency translation	(3)	(48)	(4)	15
Total non-segmented expenses	78	9	146	128
Income before taxes	323	428	513	955
Capital expenditures				
Exploration	130	128	308	249
Development	256	346	640	599
Exploration and development	386	474	948	848
Property acquisitions	15	3	20	131
Proceeds on dispositions	(8)	(19)	(12)	(24)
Other non-segmented	6	12	12	15
Net capital expenditures (3)	399	470	968	970
Property, plant and equipment			9,582	9,461
Goodwill			461	467
Other			901	824
Segmented assets			10,944	10,752
Non-segmented assets			52	51
Total assets (4)			10,996	10,803

		Three months ended June 30	Three months ended June 30	Six months ended June 30	Six months ended June 30
(1) North Sea		2002	2001	2002	2001
Revenues	United Kingdom	460	337	902	741
	Netherlands	8	6	17	16
		468	343	919	757
Property, plant and equipment (4)					
	United Kingdom			2,775	2,791
	Netherlands			42	40
				2,817	2,831

	Three months ended	Six months ended
--	-----------------------	---------------------

(2) Southeast Asia	June 30		June 30	
	2002	2001	2002	2001
Revenues				
Indonesia	77	93	144	177
Malaysia	12	-	23	-
Vietnam	1	-	2	-
	90	93	169	177
Property, plant and equipment				
Indonesia			492	508
Malaysia			442	407
Vietnam			10	9
			944	924

Indonesian oil revenues consist entirely of sales to Pertamina.

(3) Does not include corporate acquisitions.

(4) Current year represents balances as at June 30, prior year represents balances as at December 31.

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Talisman Energy Inc.
Consolidated Financial Ratios
June 30, 2002

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 March 27, 2002 and a prospectus supplement dated March 28, 2002, 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 June 30, 2002.

The interest coverage ratios are for the 12 month period then ended.

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	Preferred Securities as equity (5)	Preferred Securities as debt (6)
Interest coverage (times)		
Income (1)	4.79	3.89
Cash flow (2)	15.11	12.27
Asset coverage (times)		
Before deduction of future income taxes and deferred credits (3)	3.57	3.07
After deduction of future income taxes and deferred credits (4)	2.55	2.19

/T/

(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.

(5) The Company's preferred securities are classified as equity and the related charges have been excluded from interest expense.

(6) Reflects adjusted ratios, had the preferred securities been treated as debt and the related charges been included in interest expense.

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Talisman Energy Inc.
Product Netbacks

(C\$ - production before royalties)		Three months ended June 30		Six months ended June 30	
		2002	2001	2002	2001
<hr/>					
Canada	Oil and liquids (\$/bbl)				
	Sales price	32.76	33.70	29.80	34.42
	Hedging (gain)	0.11	0.12	(0.33)	0.13
	Royalties	6.35	7.58	6.12	7.82
	Operating costs	4.64	5.02	5.06	4.97
		21.66	20.98	18.95	21.50
<hr/>					
	Natural gas (\$/mcf)				
	Sales price	4.08	5.99	3.68	7.51
	Hedging (gain)	(0.21)	0.17	(0.32)	0.35
	Royalties	0.73	1.64	0.70	2.05
	Operating costs	0.65	0.68	0.65	0.65
		2.91	3.50	2.65	4.46
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North Sea	Oil and liquids (\$/bbl)				
	Sales price	37.71	40.48	35.77	39.66
	Hedging (gain)	0.11	0.13	(0.32)	0.14
	Royalties	1.41	1.80	1.50	1.91
	Operating costs	9.51	11.31	9.89	10.43
		26.68	27.24	24.70	27.18
<hr/>					
	Natural gas (\$/mcf)				
	Sales price	3.05	3.92	3.97	4.66
	Hedging (gain)	-	-	-	-
	Royalties	0.41	0.23	0.59	0.21
	Operating costs	0.49	0.29	0.47	0.40
		2.15	3.40	2.91	4.05
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Southeast Asia	Oil and liquids (\$/bbl)				
	Sales price	38.77	42.81	35.78	40.51
	Hedging (gain)	0.11	0.12	(0.33)	0.13
	Royalties	13.76	12.73	13.04	12.28
	Operating costs	7.61	8.04	7.38	7.47
		17.29	21.92	15.69	20.63
<hr/>					
	Natural gas (\$/mcf)				
	Sales price	4.92	5.60	4.42	5.16
	Hedging (gain)	-	0.01	-	0.02
	Royalties	0.25	0.27	0.23	0.25
	Operating costs	0.49	0.41	0.45	0.38
		4.18	4.91	3.74	4.51
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Sudan	Oil (\$/bbl)				
	Sales price	36.64	40.22	33.08	36.51
	Hedging (gain)	0.11	0.12	(0.31)	0.12
	Royalties	13.96	18.28	12.67	15.45
	Operating costs	4.55	3.93	3.74	3.82
		18.02	17.89	16.98	17.12

Total					
Company	Oil and liquids (\$/bbl)				
	Sales price	36.46	38.66	33.87	37.57
	Hedging (gain)	0.11	0.12	(0.32)	0.13
	Royalties	6.32	8.34	5.92	7.44
	Operating costs	7.17	7.45	7.27	7.19
		22.86	22.75	21.00	22.81

	Natural gas (\$/mcf)				
	Sales price	4.02	5.74	3.78	6.99
	Hedging (gain)	(0.16)	0.13	(0.25)	0.28
	Royalties	0.65	1.37	0.64	1.69
	Operating costs	0.62	0.62	0.61	0.60
		2.91	3.62	2.78	4.42

Netbacks do not include synthetic oil or pipeline operations.

Talisman Energy Inc.
Additional Information for US Readers
Production net of royalties

	Three months ended June 30		Six months ended June 30	
	2002	2001	2002	2001

Oil and liquids (bbls/d)				
Canada	48,677	49,233	48,088	49,099
North Sea	124,183	81,946	125,352	90,944
Southeast Asia	14,514	12,998	14,466	12,980
Sudan	37,511	29,028	36,777	29,800
Synthetic oil (Canada)	2,521	2,936	2,664	2,577
Total oil and liquids	227,406	176,141	227,347	185,400

Natural gas (mmcf/d)				
Canada	675	575	666	575
North Sea	118	93	109	98
Southeast Asia	88	85	93	88
Total natural gas	881	753	868	761

Total mboe/d	375	301	372	312

Talisman Energy Inc.
Additional Information for US Readers
Product Netbacks

	Three months ended June 30		Six months ended June 30	
(US\$ - production net of royalties)	2002	2001	2002	2001

Canada				
Oil and liquids (US\$/bbl)				
Sales price	21.08	21.87	18.93	22.43
Hedging (gain)	0.09	0.10	(0.26)	0.11

	Operating costs	3.71	4.21	4.04	4.19
		17.28	17.56	15.15	18.13
	Natural gas (US\$/mcf)				
	Sales price	2.63	3.89	2.34	4.89
	Hedging (gain)	(0.16)	0.15	(0.25)	0.31
	Operating costs	0.51	0.61	0.51	0.59
		2.28	3.13	2.08	3.99
North Sea	Oil and liquids (US\$/bbl)				
	Sales price	24.26	26.27	22.72	25.85
	Hedging (gain)	0.07	0.09	(0.21)	0.09
	Operating costs	6.35	7.68	6.56	7.14
		17.84	18.50	16.37	18.62
	Natural gas (US\$/mcf)				
	Sales price	1.96	2.54	2.52	3.04
	Hedging (gain)	-	-	-	-
	Operating costs	0.37	0.20	0.35	0.27
		1.59	2.34	2.17	2.77
Southeast Asia	Oil and liquids (US\$/bbl)				
	Sales price	24.94	27.78	22.73	26.40
	Hedging (gain)	0.11	0.11	(0.33)	0.12
	Operating costs	7.59	7.43	7.38	6.98
		17.24	20.24	15.68	19.30
	Natural gas (US\$/mcf)				
	Sales price	3.17	3.63	2.81	3.36
	Hedging (gain)	-	0.01	-	0.01
	Operating costs	0.33	0.28	0.30	0.26
		2.84	3.34	2.51	3.09
Sudan	Oil (US\$/bbl)				
	Sales price	23.57	26.10	21.01	23.79
	Hedging (gain)	0.11	0.14	(0.32)	0.15
	Operating costs	4.73	4.67	3.85	4.32
		18.73	21.29	17.48	19.32
Total Company	Oil and liquids (US\$/bbl)				
	Sales price	23.50	25.10	21.63	24.63
	Hedging (gain)	0.09	0.10	(0.25)	0.11
	Operating costs	5.59	6.17	5.63	5.88
		17.82	18.83	16.25	18.64
	Natural gas (US\$/mcf)				
	Sales price	2.59	3.69	2.41	4.48
	Hedging (gain)	(0.12)	0.11	(0.19)	0.24
	Operating costs	0.47	0.52	0.47	0.51
		2.24	3.06	2.13	3.73

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Netbacks do not include synthetic oil or pipeline operations.

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