

TALISMAN

E N E R G Y

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FOR: TALISMAN ENERGY INC.

TSE, NYSE SYMBOL: TLM

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Talisman Half Year Cash Flow Exceeds \$1 Billion;
Production Up 43% To 412,000 Boe/Day

CALGARY, ALBERTA--

Talisman Energy Inc. today announced record high cash flow for the fifth consecutive quarter and a new quarterly production record.

"We continue to deliver results. Operations are going exceptionally well, with total production running ahead of targets," said Dr. Jim Buckee, President and Chief Executive Officer. "Prices are up and unit operating costs are down. Our drilling program in Canada is very successful and a recent review of opportunities suggest that we can profitably increase domestic spending.

"We have raised our production estimate to 415,000 boe/d this year and, if the full year WTI price averages US \$28/bbl, we should generate almost \$2.3 billion in cash flow, or approximately \$16.50/share. As we start to plan for 2001, we see solid growth from existing projects."

Management's Discussion and Analysis

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

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	Three months ended June 30			Six months ended June 30		
	2000	1999	% Change	2000	1999	% Change
Cash flow (\$ million)	572.7	225.5	154	1,144.1	411.1	178
Cash flow per share \$(1)	4.14	1.89	119	8.27	3.45	140
Net income available to common shareholders (\$)	208.3	17.3	1,104	409.0	21.3	1,820
Net income per share available to common shareholders \$(2)	1.51	0.15	907	2.96	0.18	1,544
Oil and liquids production (mbbls/d)	252	142	77	245	142	73
Natural gas						

production (mmcf/d)	978	862	13	1,000	879	14
mboe/d (3)	415	286	45	412	288	43

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(1) Cash flow per share is reported prior to preferred security charges of \$10 million for the three months ended June 30, 2000 (\$5.5 million for the three months ended June 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 June 30, 2000 (\$3.1 million for the three months ended June 30, 1999)

(3) Natural gas at 6 mcf equals 1 boe

Cash flow rose 154% to \$572.7 million (\$4.14/share) for the second quarter of 2000, compared to the second quarter of 1999 with strong commodity prices for both crude oil and natural gas, higher production volumes and lower unit operating costs. Net income available to common shareholders for the second quarter was \$208.3 million (\$1.51/share), 1100% greater than \$17.3 million (\$0.15/share) a year ago.

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Production

	Three months ended June 30		Six months ended June 30	
	2000	1999	2000	1999

Oil and liquids (mbbls/d)				
Canada	66.2	53.6	65.8	55.0
North Sea	119.3	59.6	114.8	56.8
Indonesia	20.9	28.8	20.9	29.7
Sudan	45.9	-	44.0	-
	252.3	142.0	245.5	141.5

Natural gas (mmcf/d)				
Canada	735	648	751	655
North Sea	135	100	138	120
Indonesia	108	114	111	104
	978	862	1,000	879

mboe/d	415	286	412	288

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Production increased 45% to 415 mboe/d from: drilling success in all areas; production from the Greater Nile Oil Project in Sudan starting in the third quarter of 1999; the acquisitions in the North Sea; and Rigel Energy Corporation ("Rigel"). Oil and liquids production averaged 252,300 bbls/d during the quarter, an increase of 110,000 bbls/d or 78% over the second quarter of 1999. Talisman's natural gas production averaged 1 bcf/d during the first half of 2000, up 14% over the same period in 1999.

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Three months Six months

	ended June 30		ended June 30	
	2000	1999	2000	1999

Average realized prices (1)				
Crude oil and liquids (\$/bbl)	35.61	21.67	35.71	18.70
Natural gas (\$/mcf)	3.89	2.39	3.48	2.46
Results of hedging activities				
Crude oil and liquids (\$/bbl) (3)	(3.48)	(0.89)	(2.56)	(0.93)
Natural gas (\$/mcf)	(0.16)	(0.06)	(0.09)	0.03
Average royalty rates (%) (2)				
Canada	23	15	22	16
North Sea	4	2	4	2
Indonesia	21	28	20	29
Sudan	39	-	35	-

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

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

(3) Crude oil and liquids hedging losses of \$113.1 million year to date reflect estimates for full year contracts based on the June 30th forward price curve for WTI. Assuming WTI averages US \$ 28/bbl for the full year, the estimated full year hedging loss is \$2.15/bbl.

Talisman's oil and liquids prices for the three months ended June 30, 2000 increased 64% from the same period last year. WTI averaged US\$28.63/bbl during the second quarter of 2000, almost unchanged from the first quarter, but significantly better than US\$17.67/bbl during the second quarter of 1999. Natural gas prices in Canada increased 65% in the second quarter, benefiting from strong demand for electricity generation and concerns over gas storage levels in North America. Indonesian gas prices more than doubled compared to the second quarter of 1999 because the price is tied directly to oil. Higher commodity prices were partially offset by an increase in hedging loss estimates. Although WTI prices were similar to the previous quarter, accruals for projected hedging losses are significantly higher reflecting an improved price forecast for the remainder of the year for contracts to be settled at year end.

Average royalty rates in Canada have increased reflecting higher commodity prices. Recent acquisitions in the North Sea are largely subject to royalties, increasing effective rates. Indonesia's average royalty rate decreased as a result of Pertamina's funding election in the Ogan Komering Block. This reduced Talisman's working interest in production that was subject to higher royalty rates. 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		Six months	
	ended June 30		ended June 30	
	2000	1999	2000	1999

Operating costs (\$/boe)				
Canada	3.25	3.04	3.23	3.05
North Sea	7.72	10.49	7.96	9.23
Indonesia	3.50	4.22	3.73	4.40

Sudan	3.71	-	3.63	-
	4.86	5.25	4.91	4.94

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Company-wide unit operating costs for the second quarter of 2000 decreased 7% to \$4.86/boe compared to the same quarter in 1999. Canadian unit operating costs increased 7% due to increased non-operated heavy oil production and the inclusion of higher operating costs at certain former Rigel properties. However, significant progress is being made towards reducing some of these costs. North Sea unit operating costs decreased 26% to \$7.72/boe as a result of lower unit cost production from the Fourth Round Assets, successful cost reduction initiatives on other properties and a stronger Canadian dollar versus the pound sterling.

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Exploration & development Expenditures (\$ million)	Three months ended June 30		Six months ended June 30	
	2000	1999	2000	1999
Canada	135.5	46.3	287.2	117.9
North Sea	79.3	85.9	134.7	162.9
Indonesia	17.3	15.4	23.6	26.8
Sudan	28.5	59.4	45.2	186.5
Other	17.9	17.3	26.5	24.4
	278.5	224.3	517.2	518.5

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Increased Canadian capital expenditures reflect the Company's substantial inventory of exploration and development projects. In the North Sea, the current year's capital budget is focused on the recently acquired Fourth Round Assets, the Halley discovery and the Blake oil field, with a significant portion of 2000 expenditures scheduled for later in the year. 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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(\$ million except where indicated)	Three months ended June 30		Six months ended June 30	
	2000	1999	2000	1999
Depreciation, depletion and amortization (\$/boe)	7.66	6.38	7.57	6.33
Net property disposition gains	1.5	16.6	8.1	36.2
Interest costs capitalized	3.7	14.2	7.4	32.7

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Depreciation, depletion and amortization during the second quarter of 2000 increased 20% to \$7.66/boe over the same period in 1999

due to the Rigel acquisition and higher North Sea production. Interest costs of \$3.7 million have been capitalized in the second quarter of 2000 relating to the Blake oil field development. The majority of the interest costs capitalized in the second 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.

The effective tax rate on income before tax after deducting Petroleum Revenue Tax was 35% for both the first and second quarters of 2000. The increase in current income tax in the second quarter reflects the higher commodity price forecast for the remainder of the year.

Pursuant to a normal course issuer bid announced February 25, 2000, Talisman has purchased 460,100 common shares of the Company during the first quarter of 2000 for a total cost of \$16.9 million. Although no shares were purchased in the second quarter, share repurchases commenced again in July. Talisman may purchase up to 6,918,297 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 to 66,200 bbls/d as a result of successful drilling at Chauvin and Carlyle. Gas production in the quarter averaged 735 mmcf/d. Plant turnarounds and delays to tie-ins caused by wet weather in northern Alberta reduced second quarter production by approximately 21 mmcf/d. July gas production is estimated at 770 mmcf/d.

The Company continued its successful drilling program during the quarter with an additional 99 wells drilled. Year to date, Talisman has drilled 275 wells (170 operated), resulting in 115 gas wells and 126 oil wells (88% success rate). This is a 190% increase from 95 wells drilled during the first half of 1999.

At Chauvin, 45 wells have been drilled year to date with a 100% success rate. Chauvin production increased by 10% (1,828 bbl/d) over the second quarter of 1999 as a result of the successful drilling program and favourable waterflood response in Ribstone, and the acquisition of Highridge Exploration Ltd. ("Highridge") properties. Chauvin is currently producing 10,983 bbls/d of liquids and 13.5 mmcf/d of gas.

In Carlyle, 22 wells were drilled year to date with a 77% success

rate. Carlyle production increased by 7% (675 bbls/d) over the same period last year. New wells in Kisbey, Lost Horse Hill, Handsworth and Star Valley contributed to the majority of the production increase. Production at Carlyle is currently 9,923 bbls/d.

In Ontario, 22 wells were drilled year to date with a 90% success rate. Of this program, 11 have been completed and are producing 1,100 bbls/d. Ontario is currently producing 2,820 bbls/d of liquids and 17.6 mmcf/d of gas.

In Greater Arch, 43 wells were drilled year to date with a 72% success rate. Greater Arch liquids production increased in the second quarter by 166% (6,638 bbls/d) over the second quarter of 1999, due to successful drilling in 2000 and the Rigel acquisition. Two new oil pools were discovered in the first half of the year. The Greater Arch is currently producing 9,730 bbls/d of liquids and 206 mmcf/d of gas.

Foothills gas production is currently averaging 94 mmcf/d. During the quarter, three wells (Stolberg 2-35-46-20W5, Stolberg 7-25-46-20W5, Petro-Canada Basing 4-19-48-20W5) came on production at a total of 34 mmcf/d gross (Talisman net 20.8 mmcf/d).

During the quarter, six wells (two operated and four non-operated) tested:

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Well	Talisman %	Test Rate
TLM Redcap 10-25-46-20W5	100	4.8 mmcf/d
TLM Muskiki 14-13-44-19W5	36.7	6.9 mmcf/d
Husky Chungo Creek 10-14-43-18W5	26.7	8.5 mmcf/d
Petro-Canada Basing 11-24-48-20W5	10.5	31.6 mmcf/d
Suncor Mountain Park 6-36-46-21W5	10.7	15.2 mmcf/d
Suncor Brown Creek 2-3-44-17W5	20.5	18.5 mmcf/d

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Currently, five wells (three operated and two non-operated) are being drilled in the Foothills area and five wells are being completed and tested. Additional pipelines are being constructed in the area at a cost of \$16.2 million (Talisman share approximately \$3.2 million) to bring additional Foothills gas on production.

At Monkman, two successful wells were drilled in the first half. One well flowed at a rate of 18 mmcf/d and another well tested at 39 mmcf/d and are now on stream. Production at Monkman is currently 108 mmcf/d.

In the US Montana Foothills, a drilling permit was issued for an exploration well that will test a Mississippian prospect later this summer.

As part of its commitment to reduce gas flaring, Talisman has taken the initiative to gather 5 mmcf/d of gas which otherwise would have been vented or flared in the Chauvin area. The project will reduce Talisman's emissions in this area by 78%. The overall capital cost of this project will be \$9.2 million. The conserved gas will be sent through a pipeline to a gas plant using a technology which results in virtually zero ultimate emissions by reinjecting waste by-product gases back into the formation.

Talisman worked closely with, and received very positive response from, the AEUB and other government and local regulatory bodies. Further to the gas conservation initiative, Talisman is taking

other inventive steps to reduce emissions. Successful trial runs have been conducted using microturbines which produce electricity by burning sour solution gas and result in zero emission. Talisman plans to transfer this technology to other properties such as Sibbald where a larger scale version may be employed. Also, wherever possible, low-pressure solution gas is used to heat vessels.

North Sea

Oil production from the North Sea increased to 119,375bbls/d in the second quarter, primarily as a result of a full quarter benefit of the acquisition of Texaco's interests in the Fourth Round Assets (Piper and Claymore area) and the acquisition of Texaco's 100% interest in the Tartan, Highlander and Petronella assets on March 31, 2000. In addition, the performance of the Ross field continued to improve during the quarter with full water injection having started in the first quarter. Ross gross oil production capability is now over 30,000 bbls/d with no water being produced. The Blenheim and Bladon fields were shut down for decommissioning as planned. Gas production was relatively steady at 135 mmcf/d.

The acquisition of a 60% operated interest in the Halley discovery was announced during the quarter together with a 12.71% interest in the producing Fulmar field. Development planning for Halley by extended well drilling from the Fulmar Platform is proceeding towards first production in the second quarter of 2001 at a planned rate of 12,000 bbls/d.

At Buchan, preparations continued for the coiled tubing sidetrack drilling program and well operations started in June.

Blake field development continued on schedule with the first development well drilled during the quarter and the second well started.

Development of the Beaulieu field (Talisman 60% and operator) was sanctioned during the second quarter. Well completion is planned for the third quarter, with production start up planned for the fourth quarter of 2000 at a gross production rate of 10,000 bbls/d.

Operatorship of the Fourth Round Assets was transferred to Talisman on schedule and work programs are being implemented as planned. Transfer of operatorship of the adjacent Tartan, Highlander and Petronella fields is planned for the fourth quarter of 2000.

An exploration well at Marcel adjacent to Beatrice was drilled and found non-commercial hydrocarbons. The promising North Leven exploration well spudded during the quarter and will be tested this month.

Unit operating costs continued to decline during the second quarter and are now significantly less than the plan to be under \$9/boe for the year. Cost reductions result from a combination of recent acquisitions, increased volumes, operating synergies, cost reduction programs, and a more favourable exchange rate.

Indonesia

Development drilling continued in the Ogan Komering Block. By the end of the second quarter, four of six new wells in the 2000 program had been successful, one was dry and one is waiting to test.

Drilling continued at Tanjung and by the end of the quarter six out of six wells had been successful.

Corridor gas and oil production operations continued successfully. Negotiations for sale of gas to Singapore and of increased sales to Caltex continued during the quarter. An appraisal well, Suban 4 on the major Suban/Durian Mabok gas discovery, spudded during the quarter.

In the Madura offshore block the Molah exploration well commenced drilling in July.

Sudan

Production operations continued very successfully during the quarter with Talisman's share of production averaging 45,945 bbls/d.

Conversion to electrical submersible pumps continued to enhance production. Commitment to upstream and downstream facility expansion and to the development of the Munga and Bamboo fields is expected in the second half of 2000.

The Timsah exploration well was drilling during the quarter. Drilling was slower than planned and the well is expected to reach total depth in mid-August. Another exploration well in Block 4 is planned for the fourth quarter of the year. Year to date, 11 wells have been drilled, with seven confirmed as oil wells and four wells which have been cased and are waiting to be tested.

Algeria

Appraisal drilling of the MLSE and the MLW/MLNW areas continued. The MLSE-4 well tested oil in the main TAG zone at 5,078 bbls/d (with 38 mmcf/d of associated gas) and gas from three other zones at a combined rate of 85.9 mmcf/d (with 5,763 bbls/d of associated condensate).

The MLW-2 well tested at 4,100 bbls/d (with 10 mmcf/d of associated gas). The MLNW-4 well encountered water bearing sands and was plugged and suspended.

These well results, combined with prior results and studies, have confirmed commercialisation of the numerous discoveries on Block 405a and a request for an exploitation permit has been submitted to the Ministry of Energy to commence field development at MLN. The first phase of MLN area development will concentrate on construction of a central processing facility and an oil export pipeline. Further investment for development of satellite fields is planned following installation of the central processing facilities.

Ourhoud (Qoubba) field development is progressing and first production is expected in early 2003.

Trinidad

Talisman drilled a second successful exploration well at Aripo, four kilometers northeast of the original discovery at Angostura. The well tested at 46 mmcf/d of gas and confirms that this is a major discovery. A further exploration well is planned for the fourth quarter on the adjacent Block 2ab.

Talisman Energy Inc. is the largest independent Canadian oil and gas producer. The Company has operations in Canada, the North Sea, Indonesia and Sudan. Talisman is also conducting exploration in Algeria and Trinidad. Talisman'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 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		Six months ended	
	June 30		June 30	
	2000	1999	2000	1999

FINANCIAL				
(millions of Canadian dollars unless otherwise stated)				
Cash flow	572.7	225.5	1,144.1	411.1
Net income	213.9	20.4	420.1	24.4
Exploration and development expenditures	278.5	224.3	517.2	518.5
Per common share (dollars)				
Cash flow (1)	4.14	1.89	8.27	3.45
Net income available to common shareholders	1.51	0.15	2.96	0.18

PRODUCTION				
(daily average production)				
Oil and liquids (bbls/d)				
Canada	63,649	50,858	63,243	52,263
North Sea	119,376	59,619	114,816	56,849
Indonesia	20,874	28,828	20,850	29,747
Sudan	45,945	-	44,011	-
Synthetic oil	2,528	2,740	2,532	2,709

Total oil and liquids	252,372	142,045	245,452	141,568

Natural gas (mmcf/d)				
Canada	735	648	751	655
North Sea	135	100	138	120
Indonesia	108	114	111	104

Total natural gas	978	862	1,000	879
Total mboe/d (gas at 6:1)	415	286	412	288

PRICES

Oil and liquids (\$/bbl)

Canada	32.34	19.68	33.55	16.99
North Sea	36.10	22.59	36.37	19.67
Indonesia	38.61	22.90	37.37	19.51
Sudan	37.16	-	35.97	-
Synthetic oil	41.56	25.35	41.58	22.21
Total oil and liquids	35.61	21.67	35.71	18.70

Natural gas (\$/mcf)

Canada	3.76	2.28	3.27	2.35
North Sea	3.07	2.81	3.12	3.37
Indonesia	5.72	2.51	5.36	2.15
Total natural gas	3.89	2.39	3.48	2.46
Total (\$/boe)	30.73	17.94	29.63	16.69

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

Talisman Energy Inc.
Consolidated Balance Sheets

(millions of Canadian dollars)

	June 30 2000	December 31 1999
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ASSETS

Current

Cash	\$ 50.8	\$ 54.0
Accounts receivable	766.6	569.4
Inventories	98.0	84.4
Prepaid expenses	17.9	22.3
	933.3	730.1

Accrued employee pension benefit asset	60.6	60.6
Other assets	66.6	45.0
Property, plant and equipment	7,351.5	6,983.0
	7,478.7	7,088.6
Total assets	\$ 8,412.0	\$ 7,818.7

LIABILITIES

Current

Accounts payable and accrued liabilities	\$ 852.4	\$ 973.1
Income and other taxes payable	161.5	49.5
Current portion of long-term debt	37.6	37.6
	1,051.5	1,060.2

Deferred credits	112.7	130.4
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Provision for future site restoration	463.1	284.0
Long-term debt	2,035.5	2,157.2
Future income taxes	1,380.6	563.9
	3,991.9	3,135.5

SHAREHOLDERS' EQUITY		
Preferred securities	430.6	430.6
Common shares	2,915.4	2,901.2
Contributed surplus	78.8	79.0
Retained earnings (deficit)	(56.2)	212.2
	3,368.6	3,623.0

Total liabilities and shareholders' equity	\$ 8,412.0	\$ 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		Six months ended	
	June 30 2000	June 30 1999	June 30 2000	June 30 1999

REVENUE				
Gross sales	\$ 1,163.7	\$ 467.1	\$ 2,230.1	\$ 871.3
Less royalties	226.4	62.1	391.3	120.0

Net sales	937.3	405.0	1,838.8	751.3
Other	24.6	10.6	46.0	23.6

TOTAL REVENUE	961.9	415.6	1,884.8	774.9

EXPENSES				
Operating	197.7	142.5	394.6	268.7
General and administrative	25.1	16.1	46.7	33.1
Depreciation, depletion and amortization	289.2	165.8	568.0	330.0
Dry hole	23.3	15.2	31.4	29.2
Exploration	15.0	19.7	39.1	32.9
Interest on long-term debt	36.7	25.6	69.6	46.0
Other	5.2	(12.0)	13.4	(29.6)

TOTAL EXPENSES	592.2	372.9	1,162.8	710.3

Income before taxes	369.7	42.7	722.0	64.6

Taxes				
Current income tax	77.1	3.1	134.3	11.0
Future income tax	40.6	14.6	93.9	20.0
Petroleum revenue tax	38.1	4.6	73.7	9.2

	155.8	22.3	301.9	40.2

NET INCOME	213.9	20.4	420.1	24.4
Preferred security charges, net of tax	5.6	3.1	11.1	3.1

NET INCOME AVAILABLE TO				

COMMON SHAREHOLDERS	\$ 208.3	\$ 17.3	\$ 409.0	\$ 21.3
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Per common share (dollars)

Net income available to common shareholders	\$ 1.51	\$ 0.15	\$ 2.96	\$ 0.18
Fully diluted net income available to common shareholders	\$ 1.45	\$ 0.15	\$ 2.86	\$ 0.18

Average number of common shares outstanding (millions)

	138.3	119.1	138.3	119.0
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Consolidated Statements of Retained Earnings

(millions of Canadian dollars)	Three months ended June 30		Six months ended June 30	
	2000	1999	2000	1999
Retained earnings, beginning of period	\$ (264.5)	\$ 52.7	\$ 212.2	\$ 48.7
Net income	213.9	20.4	420.1	24.4
Adoption of new accounting policy	-	-	(670.4)	-
Purchase of common shares	-	-	(7.0)	-
Preferred securities charges	(5.6)	(3.1)	(11.1)	(3.1)
RETAINED EARNINGS (DEFICIT), END OF PERIOD	\$ (56.2)	\$ 70.0	\$ (56.2)	\$ 70.0

Talisman Energy Inc.

Consolidated Statements of Cash Flows

(millions of Canadian dollars)	Three months ended June 30		Six months ended June 30	
	2000	1999	2000	1999
OPERATING				
Net income	\$ 213.9	\$ 20.4	\$ 420.1	\$ 24.4
Items not involving current cash flow	343.8	185.4	684.9	353.8
Exploration	15.0	19.7	39.1	32.9
Cash flow	572.7	225.5	1,144.1	411.1
Changes in non-cash working capital	139.7	(51.6)	157.3	(25.7)
Cash provided by operating activities	712.4	173.9	1,301.4	385.4
INVESTING				
Capital expenditures				
Exploration, development and corporate	(277.6)	(227.2)	(516.9)	(522.2)
Acquisitions	(3.5)	(9.6)	(304.4)	(17.9)
Proceeds of resource property dispositions	16.1	23.4	39.3	58.5
Changes in non-cash working capital	(688.3)	(30.8)	(360.8)	(110.4)

Cash used in investing activities	(953.3)	(244.2)	(1,142.8)	(592.0)

FINANCING				
Long-term debt repaid	(580.8)	(598.8)	(1,193.5)	(959.5)
Long-term debt issued	859.4	590.6	1,039.4	907.8
Common shares issued (purchased)	23.4	8.4	7.0	8.5
Preferred securities issued	-	212.1	-	428.0
Preferred security charges	(10.0)	(5.5)	(19.8)	(5.5)
Deferred credits and other	(10.0)	1.9	4.9	4.3
Changes in non-cash working capital	-	(149.0)	0.2	(149.9)

Cash provided by financing activities	282.0	59.7	(161.8)	233.7

Net increase (decrease) in cash	41.1	(10.6)	(3.2)	27.1
Cash (bank indebtedness), beginning of period	9.7	35.2	54.0	(2.5)

Cash, end of period	\$ 50.8	\$ 24.6	\$ 50.8	\$ 24.6

/T/

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 June 30, 2000 resulted in an increase to net income of \$20 million (\$40 million for the six months ended June 30, 2000).

CONTINGENCIES AND COMMITMENTS

Talisman's estimated total future dismantlement, site restoration and abandonment liability at June 30, 2000 was \$1.4 billion (December 31, 1999 - \$1.0 billion), of which approximately 80% is denominated in UK pounds sterling. At June 30, 2000, Talisman had accrued \$463.1 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	815,827	23.9
Purchased and cancelled during period	(460,100)	(9.7)
Balance at June 30, 2000	138,702,024	\$2,915.4

/T/

Prior to June 30, 2000, Talisman has purchased 460,100 common shares of the Company pursuant to a normal course issuer bid announced February 25, 2000 for a total cost of \$16.9 million. Talisman may purchase up to 6,918,297 common shares representing 5% of the outstanding common shares of the Company at the time the normal course issuer bid was announced.

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	2000	
	Number Of Options	Average Exercise Price

Outstanding at January 1	7,211,864	\$32.30
Granted	1,014,200	38.43
Exercised	815,827	29.24
Forfeited	150,775	37.45
Outstanding at June, 30	7,259,462	\$33.41
Exercisable at June, 30	3,950,242	\$32.35

/T/

Subsequent to June 30, 2000 the Company granted 59,882 share options to employees and directors at an exercise price of \$49.20. In addition, the Company purchased 355,400 common shares pursuant to the normal course issuer bid for a cost of \$16.1 million. No other significant number of shares or stock options were issued, exercised, forfeited or purchased subsequent to June 30, 2000.

/T/

Talisman Energy Inc.
Segmented Information

(millions of
Canadian dollars)

	Canada	North Sea	Indonesia	Sudan	Other	Total
Three months ended June 30, 2000						
Total revenue	\$ 340.6	\$ 429.3	\$ 102.8	\$ 89.2	\$ -	\$ 961.9
Segmented expenses	186.5	266.6	33.7	36.0	7.6	530.4
Segmented income (loss)	154.1	162.7	69.1	53.2	(7.6)	431.5
General and administrative expense						25.1
Interest on long-term debt						36.7
Income before taxes						\$ 369.7

Three months ended June 30, 1999						
Total revenue	\$ 202.1	\$ 151.7	\$ 62.2	\$ 0.4	\$ (0.8)	\$ 415.6
Segmented expenses	131.5	149.4	38.1	4.1	8.1	331.2
Segmented income (loss)	70.6	2.3	24.1	(3.7)	(8.9)	84.4
General and administrative expense						16.1
Interest on long-term debt						25.6
Income before taxes						\$ 42.7

Six months ended June 30, 2000						
Total revenue	\$ 664.4	\$ 840.4	\$ 198.7	\$ 179.8	\$ 1.5	\$ 1,884.8

Segmented expenses	381.5	512.7	69.3	71.7	11.3	1,046.5
Segmented income (loss)	282.9	327.7	129.4	108.1	(9.8)	838.3
General and administrative expense						46.7
Interest on long-term debt						69.6
Income before taxes						\$ 722.0

Six months ended June 30, 1999

Total revenue	\$ 387.7	\$ 283.0	\$ 102.1	\$ 0.4	\$ 1.7	\$ 774.9
Segmented expenses	259.4	278.7	76.5	7.7	8.9	631.2
Segmented income (loss)	128.3	4.3	25.6	(7.3)	(7.2)	143.7
General and administrative expense						33.1
Interest on long-term debt						46.0
Income before taxes						\$ 64.6

Segmented assets	\$3,589.2	\$2,961.5	\$ 822.2	\$ 837.0	\$ 99.8	\$8,309.7
Add corporate assets						102.3
TOTAL ASSETS AT JUNE 30, 2000						\$8,412.0

Segmented assets	\$3,497.6	\$2,475.6	\$ 808.8	\$ 853.2	\$ 78.8	\$7,714.0
Add corporate assets						104.7
Total assets at December 31, 1999						\$7,818.7

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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 Company'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, 2000.

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

/T/

	June 30 2000	

Interest coverage (times)		
Income	6.72	(1)
Cash flow	13.55	(2)
Asset coverage (times)		
Before deduction of deferred income taxes and deferred credits	3.62	(3)
After deduction of deferred income taxes and deferred credits	2.65	(4)

/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.

/T/

Talisman Energy Inc.
Product Netbacks

	Three months ended		Six months ended	
	June 30		June 30	
	2000	1999	2000	1999

CANADA				
Oil and liquids (\$/bbl)				
Sales price	32.34	19.68	33.55	16.99
Royalties	8.48	3.84	8.35	3.35
Operating costs	3.85	3.28	3.85	3.27
	20.01	12.56	21.35	10.37

Natural gas (\$/mcf)				
Sales price	3.76	2.28	3.27	2.35
Royalties	0.88	0.27	0.70	0.33
Operating costs	0.49	0.49	0.49	0.49
	2.39	1.52	2.08	1.53

NORTH SEA				
Oil and liquids (\$/bbl)				
Sales price	36.10	22.59	36.37	19.67
Royalties	1.73	0.43	1.47	0.39
Operating costs	8.82	11.80	9.02	10.92

	25.55	10.36	25.88	8.36

Natural gas (\$/mcf)				
Sales price	3.07	2.81	3.12	3.37
Royalties	0.12	0.07	0.10	0.05
Operating costs	0.30	0.96	0.44	0.74
	2.65	1.78	2.58	2.58

INDONESIA				
Oil and liquids (\$/bbl)				
Sales price	38.61	22.90	37.37	19.51
Royalties	13.38	8.96	12.51	7.68
Operating costs	4.71	5.30	5.10	5.03
	20.52	8.64	19.76	6.80

Natural gas (\$/mcf)				
Sales price	5.72	2.51	5.36	2.15
Royalties	0.27	0.15	0.26	0.13
Operating costs	0.35	0.43	0.36	0.56
	5.10	1.93	4.74	1.46

SUDAN				
Oil (\$/bbl)				
Sales price	37.16	-	35.97	-
Royalties	15.86	-	13.57	-
Operating costs	3.71	-	3.63	-
	17.59	-	18.77	-

TOTAL COMPANY				
Oil and liquids (\$/bbl)				
Sales price	35.55	21.59	35.65	18.63
Royalties	7.03	3.44	6.40	3.07
Operating costs	6.27	7.35	6.36	6.78
	22.25	10.80	22.89	8.78

Natural gas (\$/mcf)				
Sales price	3.89	2.39	3.48	2.46
Royalties	0.71	0.23	0.57	0.27
Operating costs	0.45	0.54	0.47	0.53
	2.73	1.62	2.44	1.66

/T/

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

-30-

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