



Corporate Presentation

June 2010

TALISMAN

E N E R G Y

Talisman – strategy and transition working



Strategy aimed at . . .

- Longer reserve life, lower replacement costs
- Safe, profitable growth
- Improved returns

Transition progressing well. . .

- North Sea stable cash flow for a decade
- North America Shale and Southeast Asia growth established
- Exploration strengthened and focused

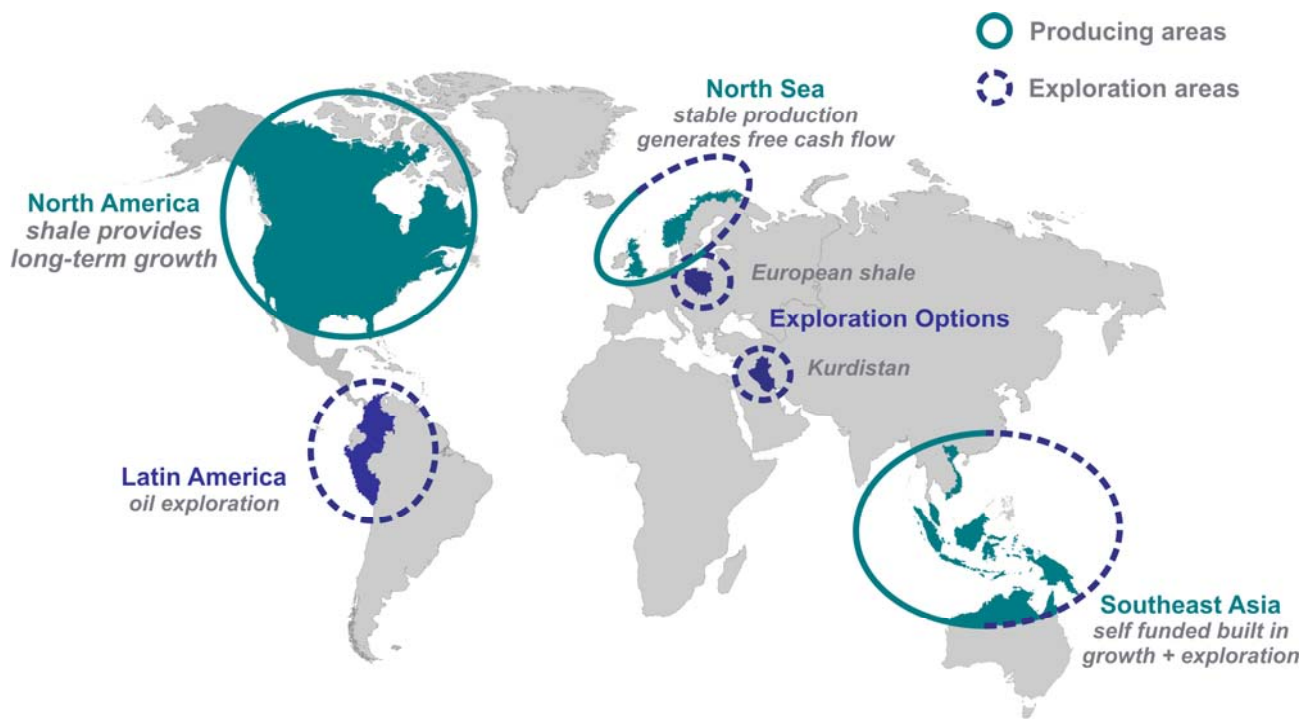
Robust to low gas prices. . .

- 60% oil based
- Shale portfolio top tier
- Capital programs flexible, minimal lease-driven spend
- 2010 hedged

2010 critical transition year. . .

- 2H will demonstrate underlying growth
- 2010 - 2011 absolute production growth 5 - 10%, ca. 50% liquids based
- F&D reduced 20% from 2009
- PDP F&D reduced 30 - 50% from 2009

Three core production areas, plus international exploration for renewal

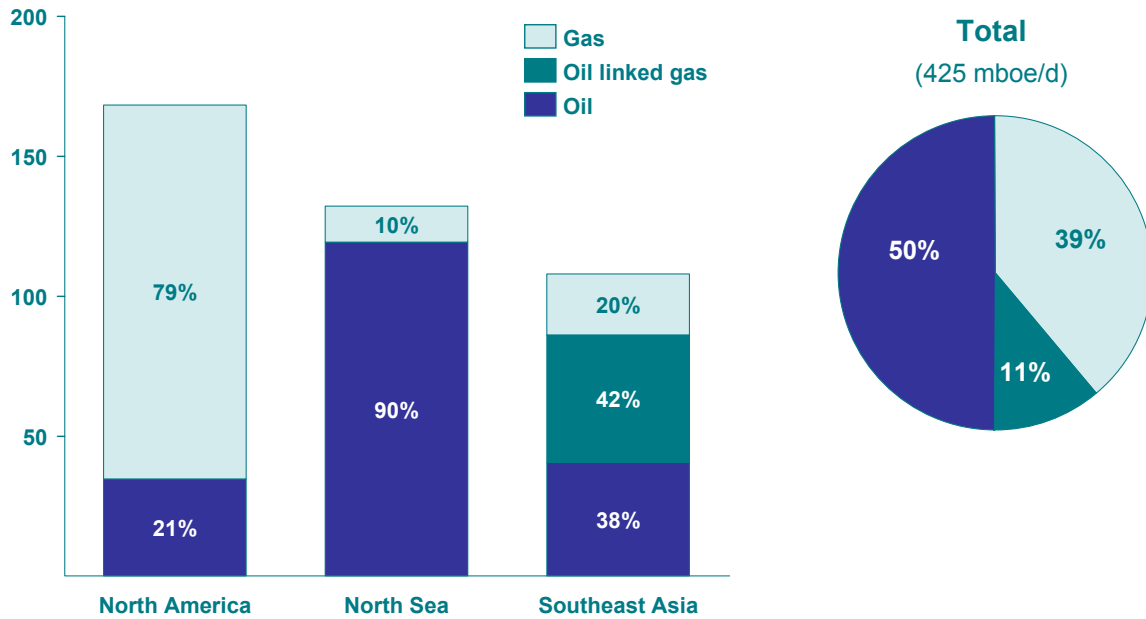


Oil and gas production mix provides diversification



2009 Production

mboe/d



Robust strategy to unlock value



1

Establish Long-term Profitable Growth

- North America shale gas
- Southeast Asia

2

Reposition International Exploration Portfolio for Renewal

- Build new production areas
- Support existing core areas

3

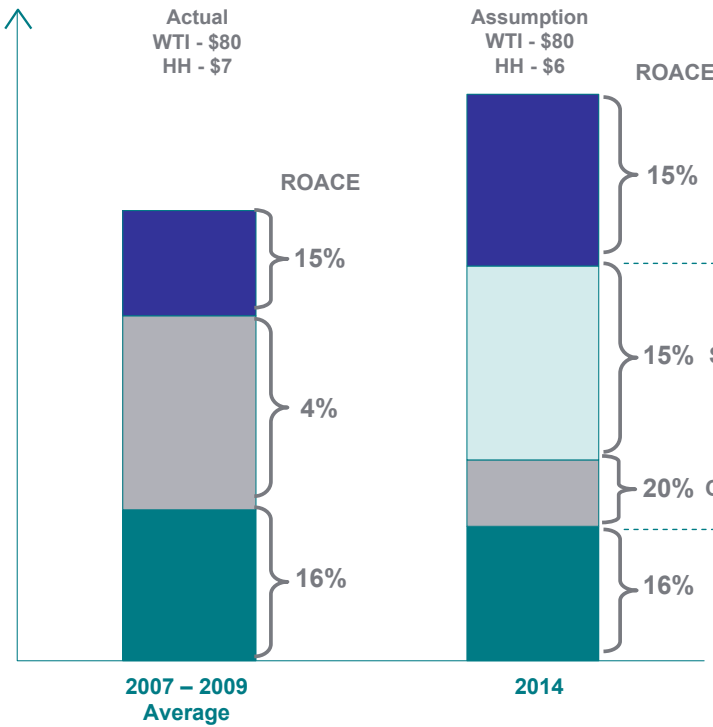
Maximize Value from Existing Mature Assets

- Maintain North Sea to generate free cash
- Exit non-core assets

Portfolio in transition – enhancing returns of the business



Production



Southeast Asia

- 8 – 10% growth for 5 years
- Future exploration
- Self funding

North America

- Growth from Shale
- Cash flow/growth options
- High-graded conventional

North Sea

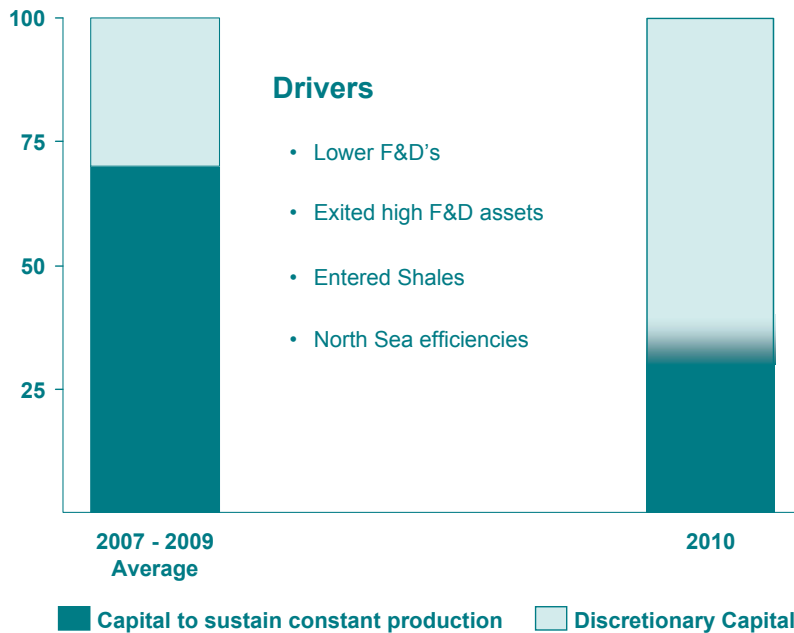
- 110 – 140 mboe/d for decade
- Capital and operating efficiency
- Sustainable free cash flow

Reduced capital required to sustain business



Percentage total capital

Percentage (%)



Drivers

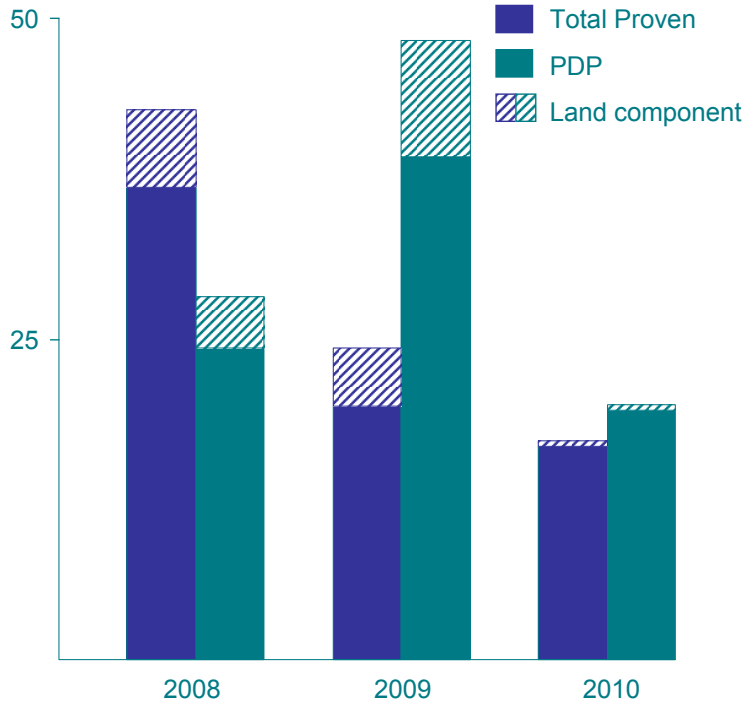
- Lower F&D's
- Exited high F&D assets
- Entered Shales
- North Sea efficiencies

Strategy drives lower F&D costs



Total F&D costs

\$/boe



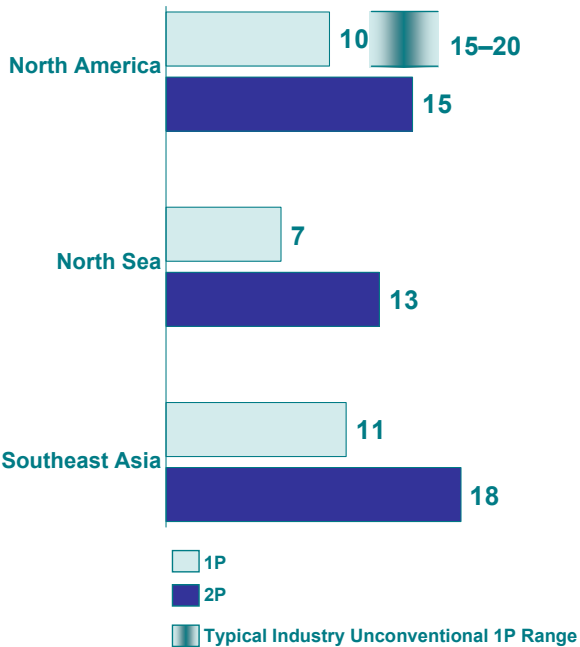
- 43% F&D reduction 2009
- Further reductions in 2010
 - 20% total F&D
 - 30 – 50% PDP F&D

And longer reserve life



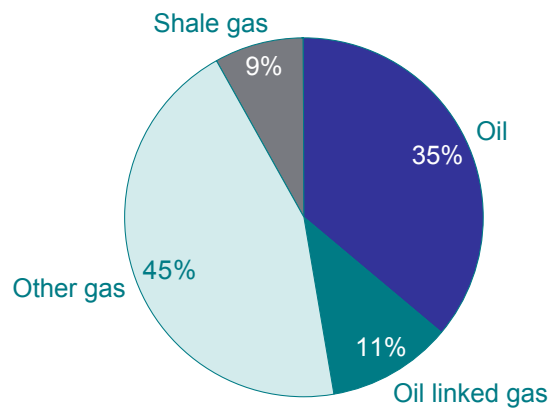
Reserve Life Index 2009

Years



2009 Year End 2P Reserves

(2.3 Billion boe)



Dispositions since May 2008



Dispositions	Production mboe/d	% Gas	Disposition metrics	
			\$ billion	\$m/boe/d
North America	68	70	4.0	52
North Sea	7	50	0.8	114
Other	5	-	0.4	80
Total	80	65	5.2	60

Exit non-strategic assets

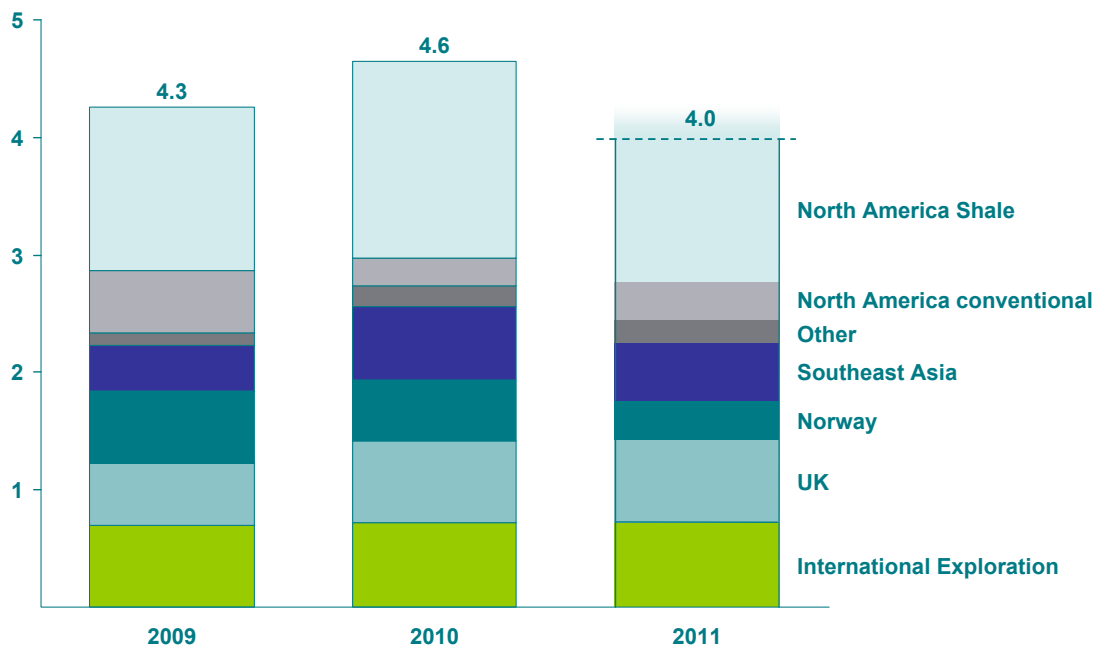
- North American conventional
- North Sea – Netherlands, Denmark, Beatrice
- Other International – Trinidad, Qatar, Alaska, Tunisia

2011 Capex depends on pace of Shale investment



Cash Capital E&D Spending

\$ billion

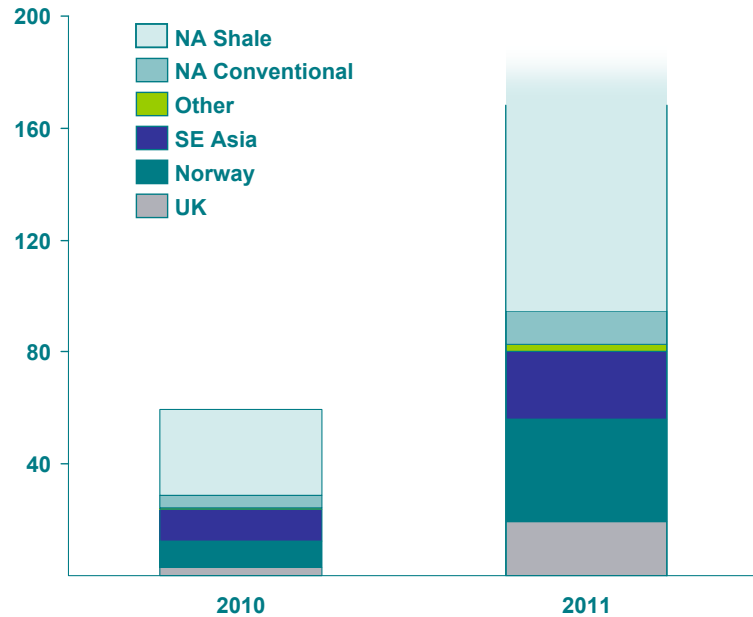


Incremental production



Incremental production

mboe/d



Key projects

North America

- Marcellus
- Montney
- Eagle Ford
- Chauvin
- Wild River

Southeast Asia

- Kitan
- Jambi Merang
- Corridor additional gas
- PM-3 IOR

North Sea

- Auk North
- Auk South
- Burghley
- Yme

Projects to be sanctioned

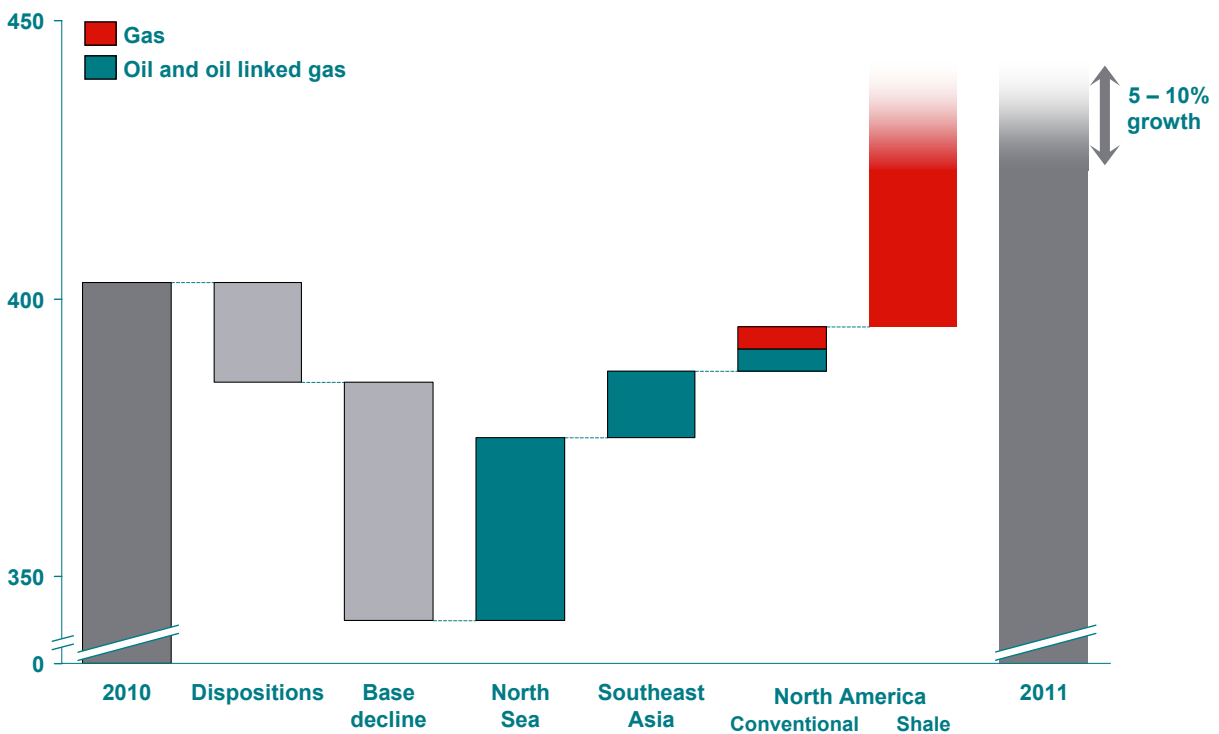
- HST/HSD EPS
- MonArb Redevelopment
- Grevling
- PM-3 IOR Phase 2
- Corridor additional gas

2010 to 2011 production

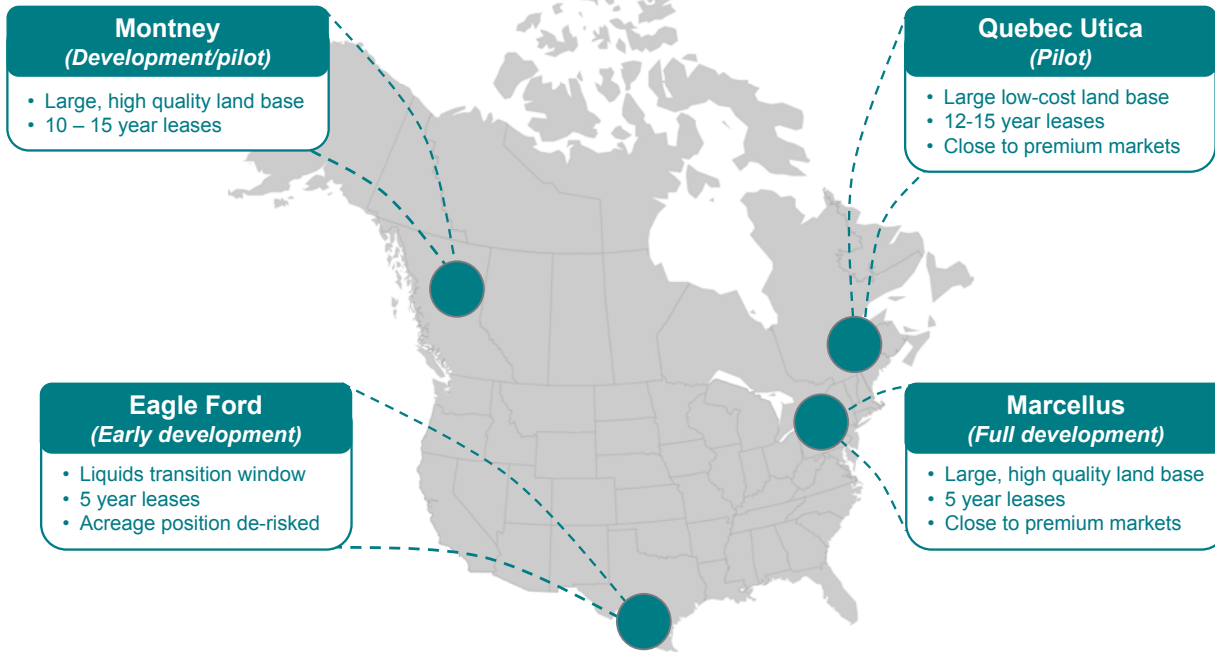


Production growth

mboe/d

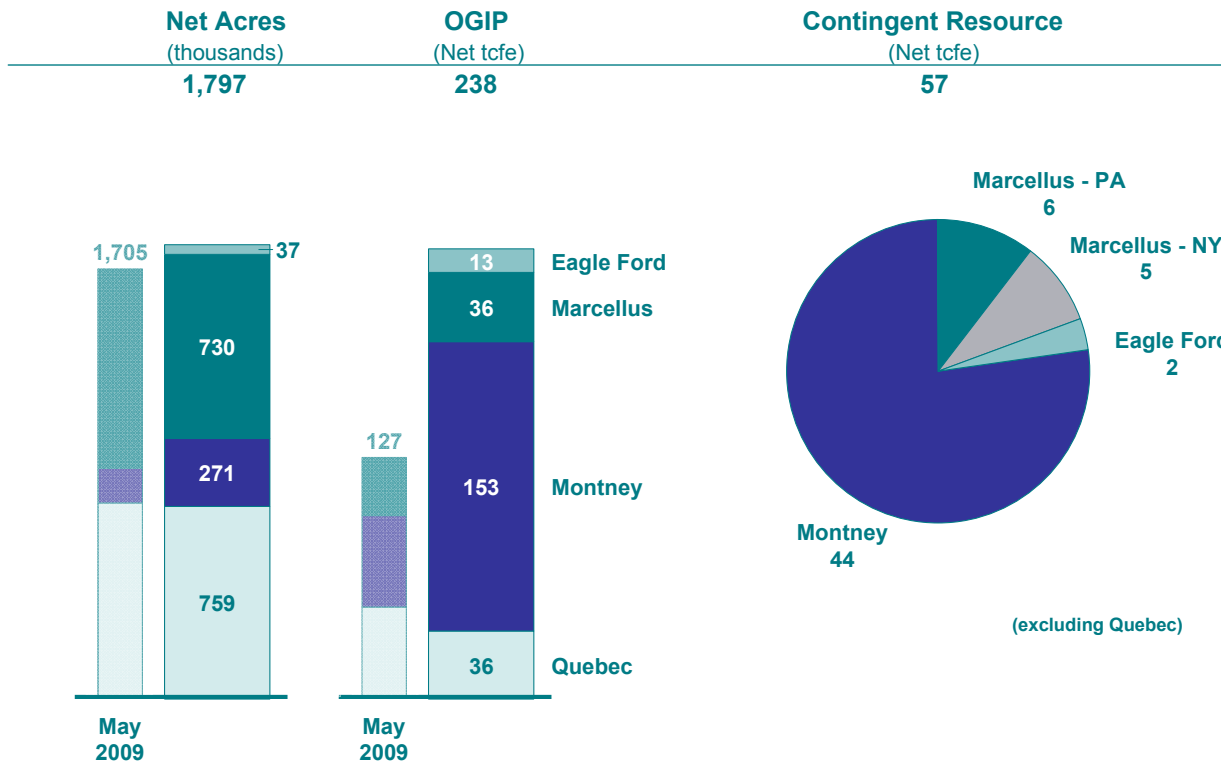


Strong, diversified shale portfolio

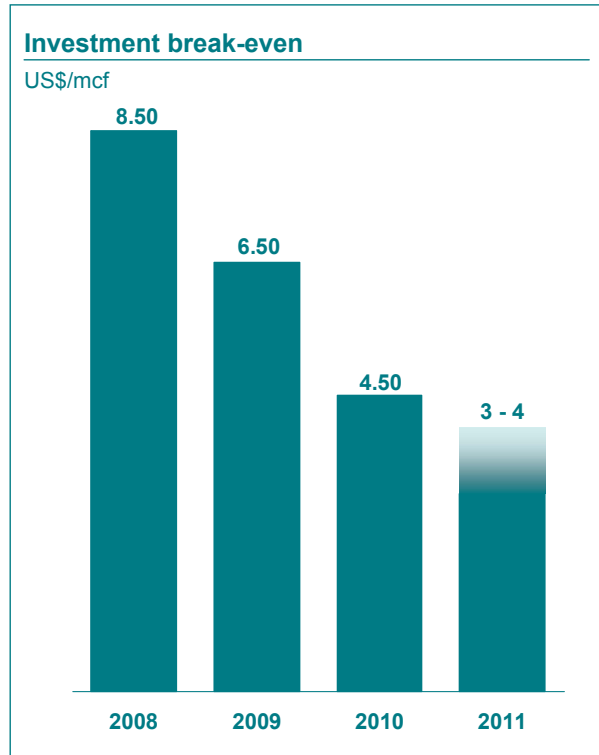
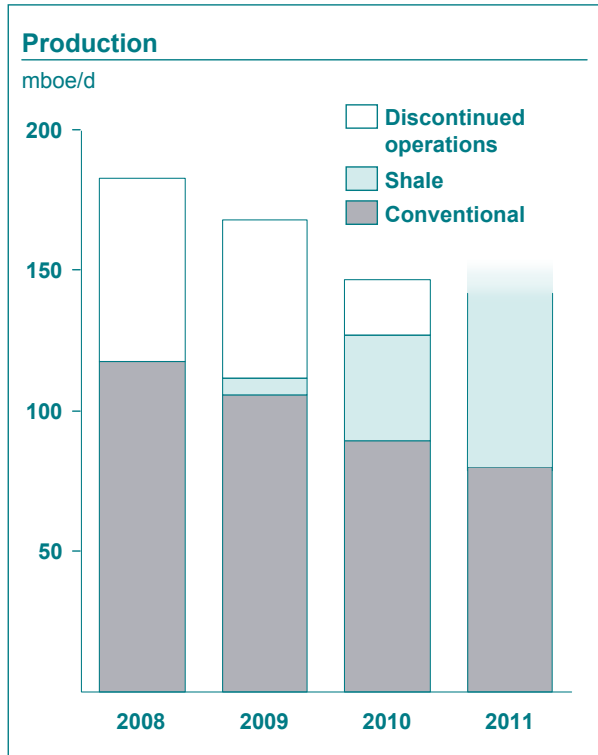


Talisman focus on plays with potential <\$4 full cycle break-even costs

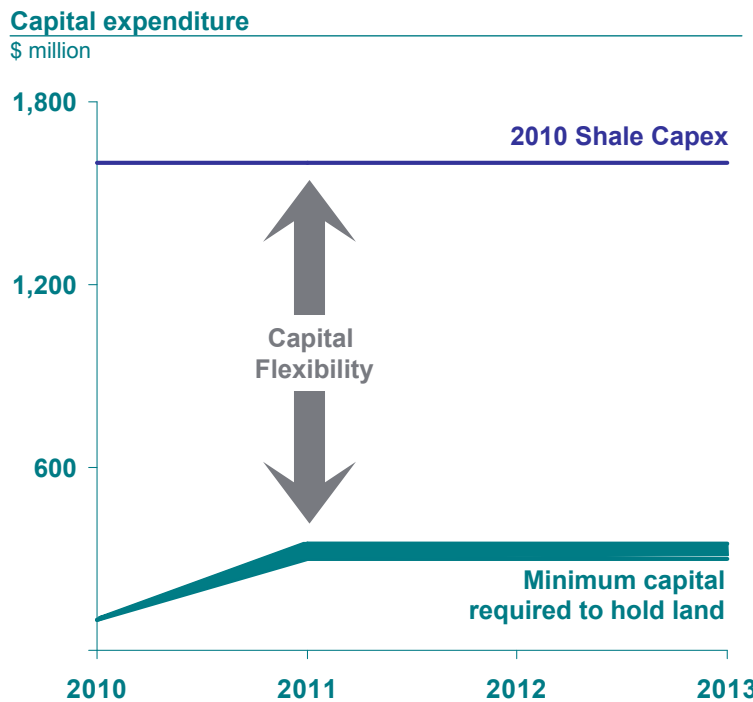
Growing material position in the best rocks



North America – low cost shale growth

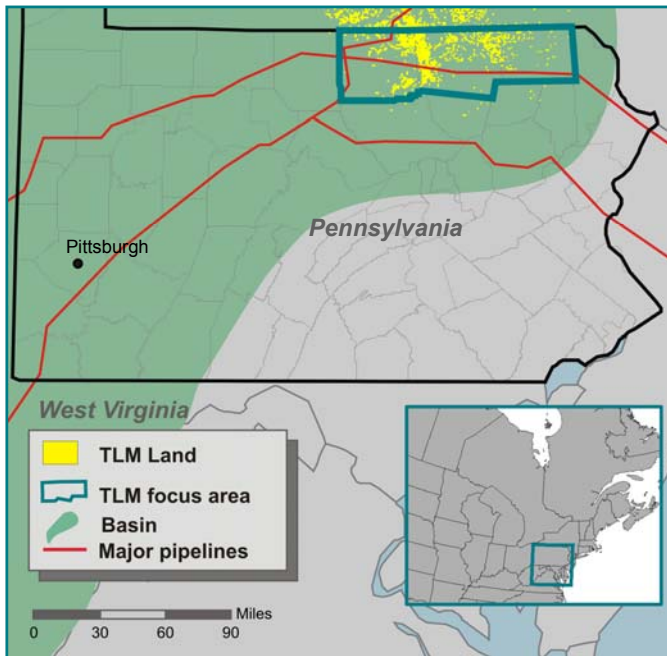


Capital spending in Shale not driven by lease expiries



- ca. \$350 million per year holds leases for next 3 years
- Favourable lease expiry tenure
 - **Marcellus/Eagle Ford:** 5 year leases
 - **Quebec:** 12-15 year leases
 - **Montney Shale:** 10-15 year leases

Marcellus Shale – Pennsylvania

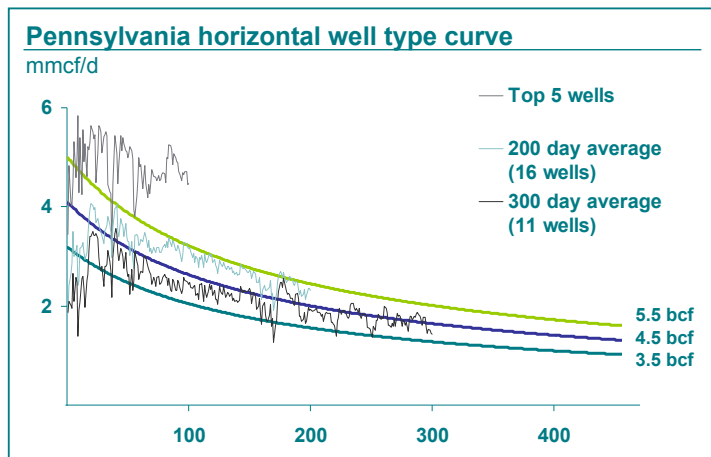


Key metrics

Net acres	218,000
Tier 1 well locations	2,000+
OGIP / section (bcf)	40 - 130
Contingent resources (tcf)	6

- \$1 billion capital program – 2010
- Entered 2010 at 65 mmcf/d
- Production end April: 150 mmcf/d
- Secured 600 mmcf/d egress
- Full cycle break-even US\$3.5 – US\$4/mcf

Marcellus Shale - demonstrating ability to execute



- Continuing strong well performance

To date

- Average IP 4 mmcf/d
- Average EUR 5 bcf

1Q 2010

- Average IP 5 mmcf/d
- Average EUR 6 bcf

- Bias drilling longer wells

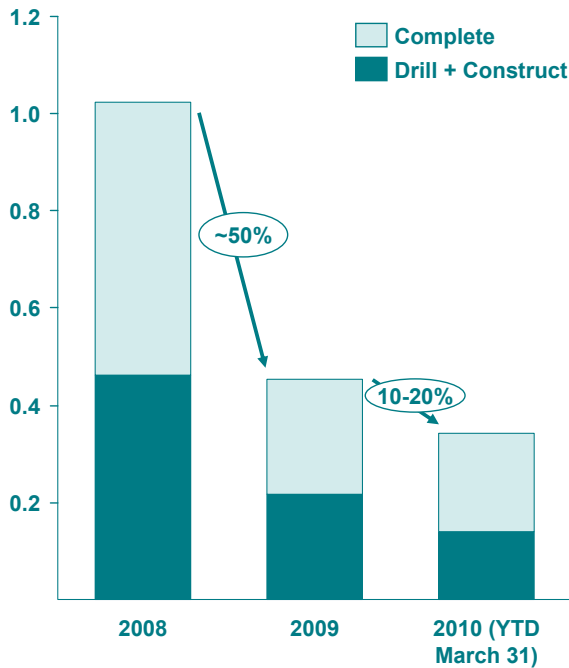
Key metrics	2008	2009	2010 Assumptions
# wells on stream (net)	3	22	145
Exit production rate (mmcf/d)	5	65	250 - 300
Horizontal well metrics (TLM operated)			
EUR per well (bcf)	3.3	3.0 – 7.5	3.5
30 day IP per well (mmcf/d)	2.5	2.1 – 5.5	3.0

Marcellus – driving to top tier execution



Total D&C capex per frac stage

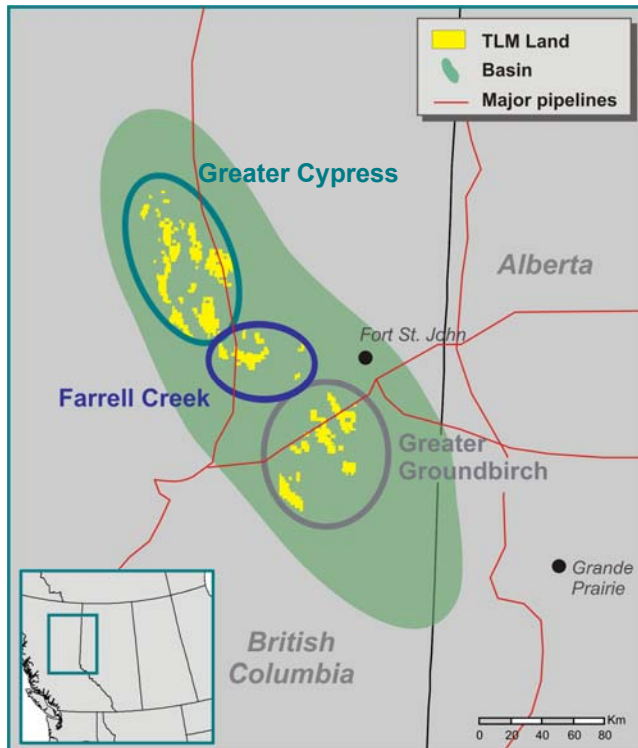
US\$ million / 350 feet lateral



Cost reduction levers

- ‘Lean’ well delivery
- Pre-set rigs and ‘Zipper’ fracs
- Supply chain optimization

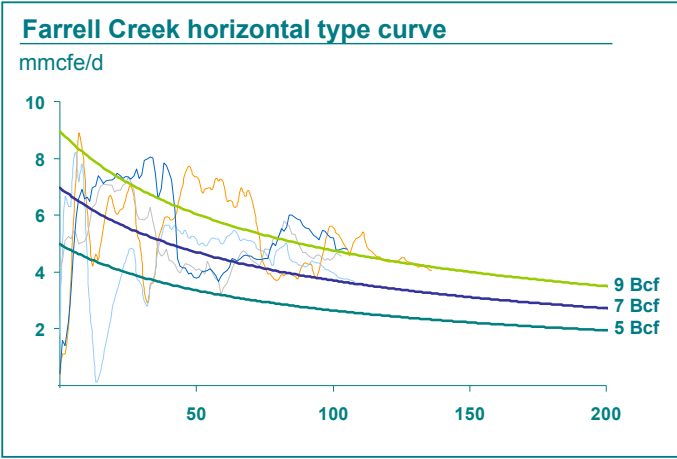
Montney Shale - proven and expanding play



Key metrics	
Net acres	271,000
Tier 1 well locations	~ 3,000
OGIP / section (bcfe)	up to 450
Contingent resources (tcfe)	44

- 2010 capital program \$450 million
 - Farrell development
 - Greater Cypress pilots
- On track to exit 2010 at 40 – 60 mmcf/d
- > 200 mmcf/d egress capacity secured
- Expected full cycle break-even at end 2010: ~ US\$4/mcf

Montney Shale – Farrell Creek development

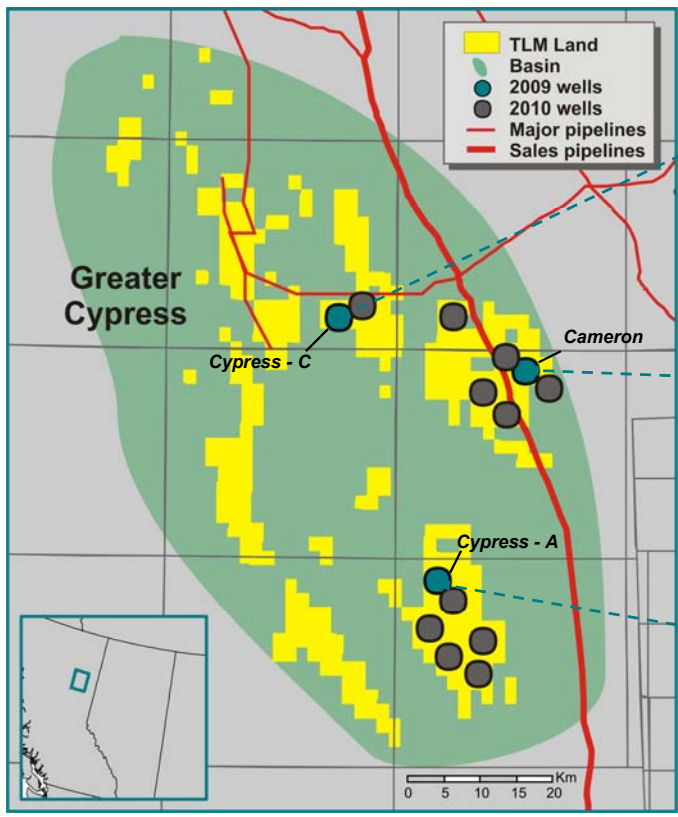


Operational Highlights

- 12-18 months behind Marcellus
- Encouraging results from 2009 pilot wells
- 4 rigs in 2010, exiting at 40-60 mmcf/d
- Expanding Farrell processing plant to 120 mmcf/d by 3Q'10

Key metrics		
Net acres	57,000	
Tier 1 well locations	~ 900	
Contingent resources (tcf)	9	
Horizontal well metrics	2009	2010 Assumptions
EUR per well (bcfe)	8	5
30 day IP per well (mmcf/d)	5.1	4.5

Greater Cypress pilots



Cypress - C

Well type:	vertical
Initial rate:	8 mmcf/d

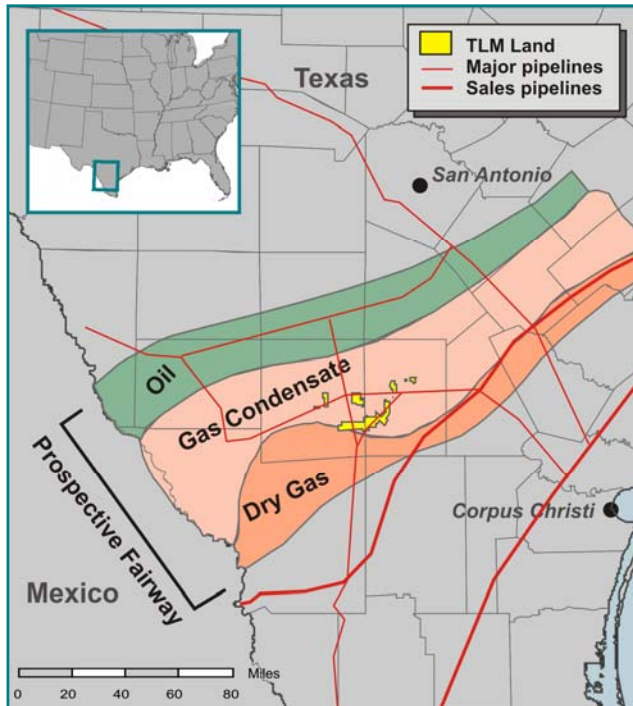
Cameron

Well type:	vertical
Initial rate:	5 mmcf/d

Cypress - A

Well type:	vertical
Initial rate:	10 mmcf/d

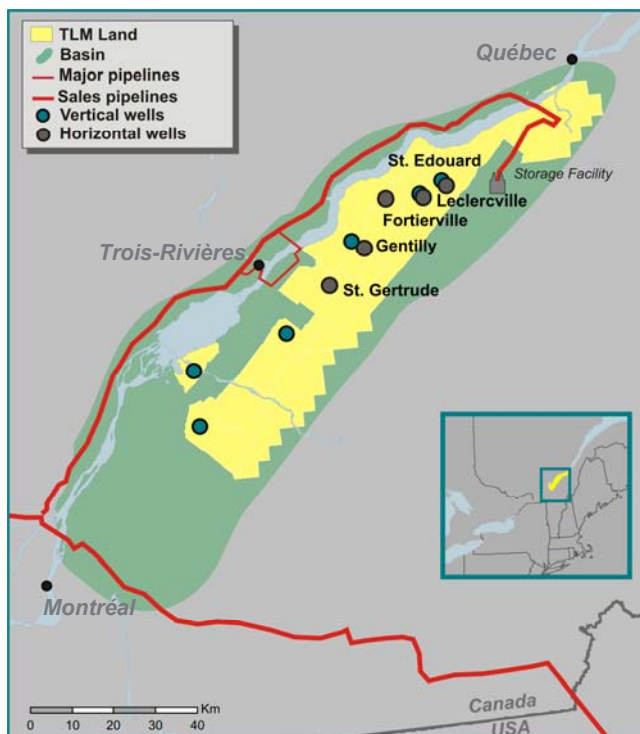
Eagle Ford



Key Metrics	
Net acres	37,000
# well locations	~ 400
Contingent resources	2 tcf (including 40 mmbbl liquids)
Liquids	up to 200 bbls/mcf
2010 Capex	\$50 million
Pilot results	
IP (mmcf/d)	> 7
EUR (bcfe)	> 4

- Liquids transition window
- Acreage largely de-risked
- Manageable land expiry commitments
- 1 rig 2010, exit 2 – 3 rigs
- Break-even < US\$4/mcf

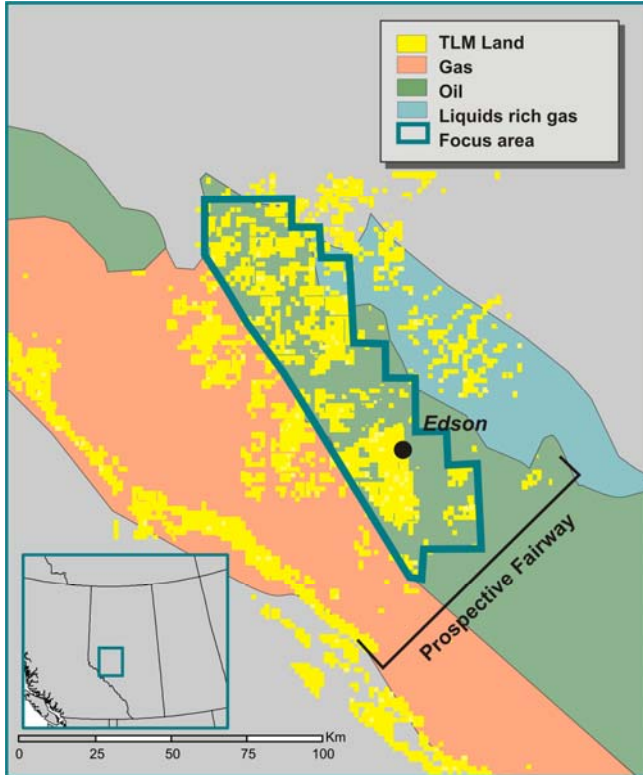
Québec, Utica Shale – de-risking extensive land position



Key metrics	
Net acres	759,000
Vertical Wells	Test Rate (mmcf/d)
Average of Vertical Wells	> 0.6
Horizontal Wells	30 Day IP (mmcf/d)
St. Edouard	5.3
Wells 2-5	(tested) 2H'10

- Largest contiguous land position in shale fairway
- Initially targeting Utica
- First horizontal well completed, next four in 2H 2010

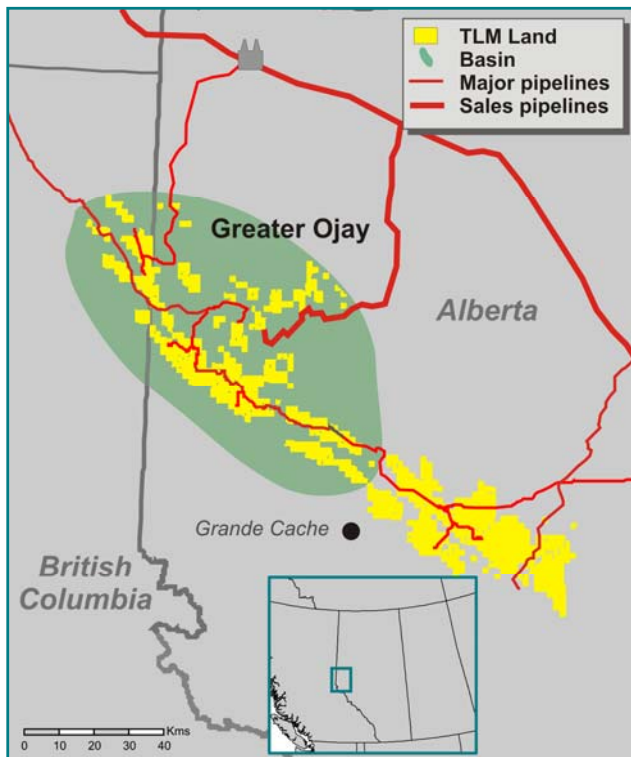
Cardium oil overview



Key Metrics	
Net acres	> 200,000 (> 100,000 in oil window)
Net well locations	> 500

- Commercial pilots 2H 2010
- Opportunity to leverage shale expertise

Nikanassin gas overview



Key Metrics	
Net acres	~ 100,000
Well locations	200 – 400
WI original gas in place (tcf)	3
Average rate (wells to date) (mmcf/d)	14 (range 6 – 36)
Breakeven price (US\$/mcf)	< 4

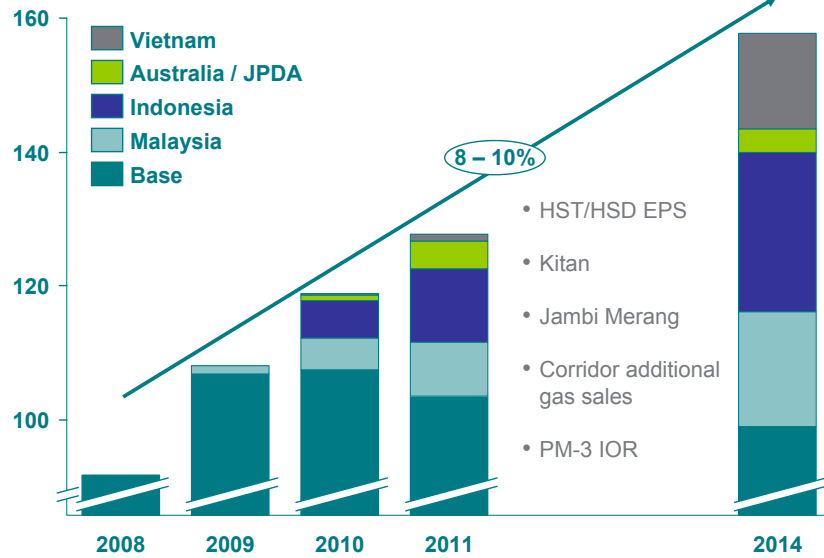
- Structured, multi-zone naturally fractured play
- De-risking resource potential
- Strong Talisman infrastructure position

Southeast Asia – near term growth underpinned by existing projects



Production profile

mboe/d

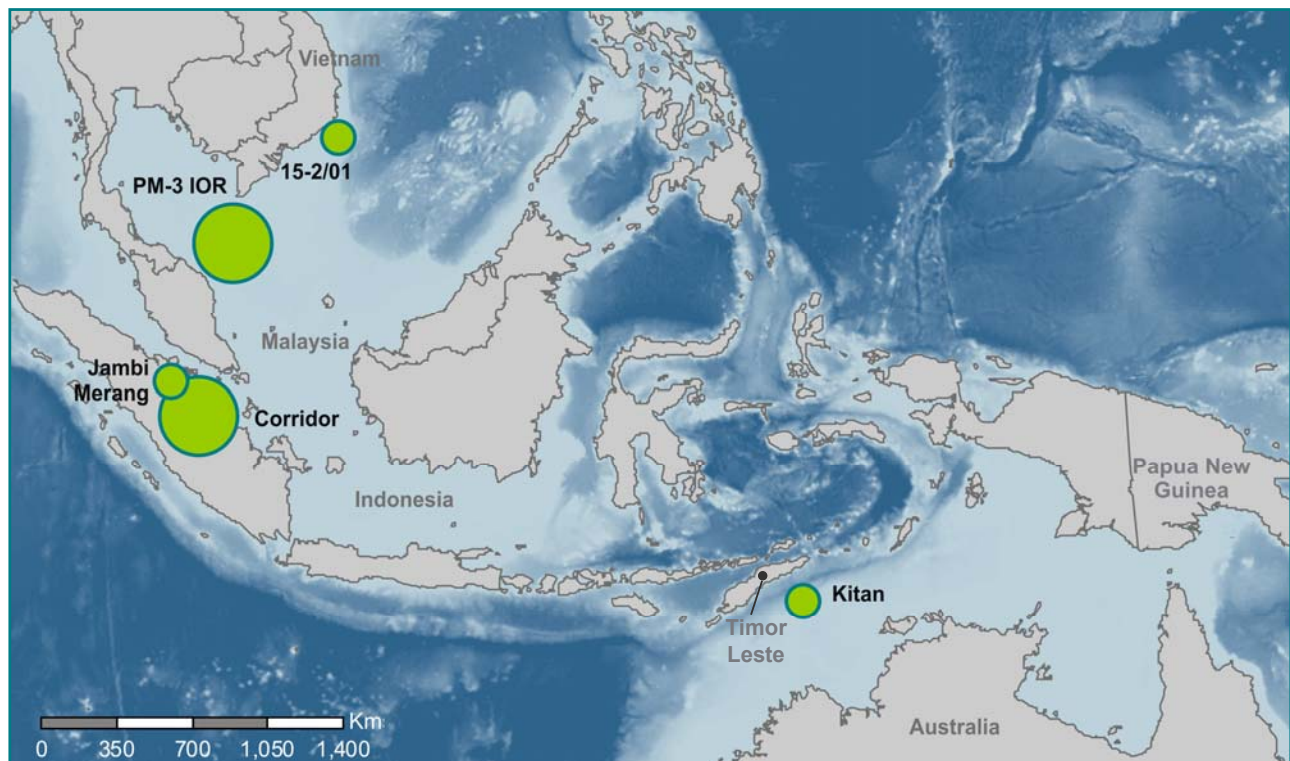


Future projects

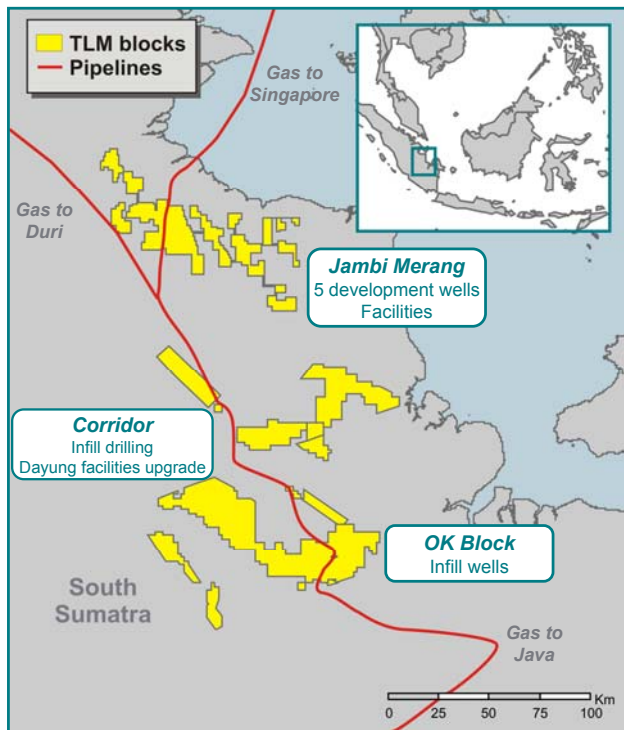
- PNG: foreland gas sales
- Vietnam: Nam Con Son
- Australia/JPDA
- Indonesia: Makassar Straits, Andaman III Block
- Malaysia: Sabah

767	680	CAPEX \$ million
5	30	Free Cash Flow \$ million

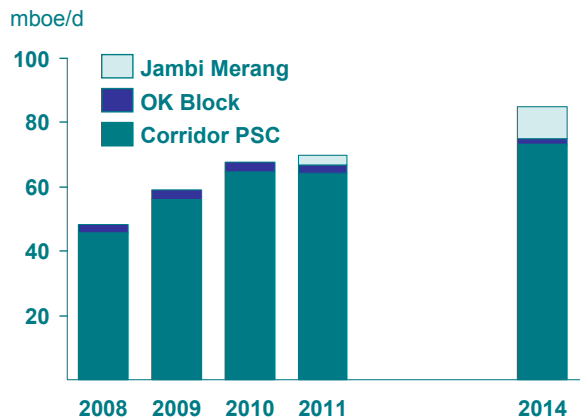
Near term growth projects



Indonesia South Sumatra Core area

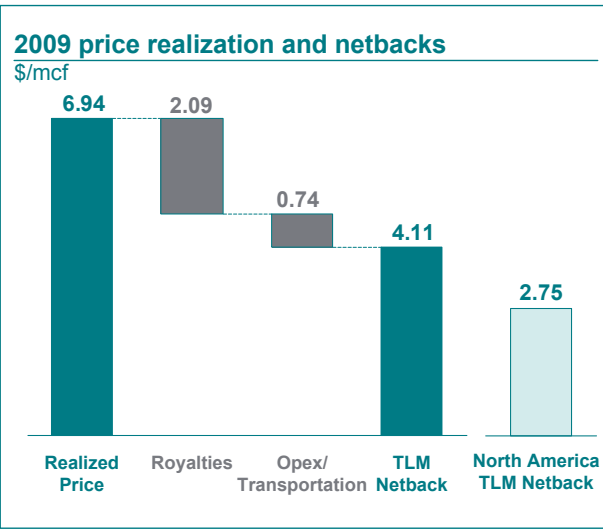
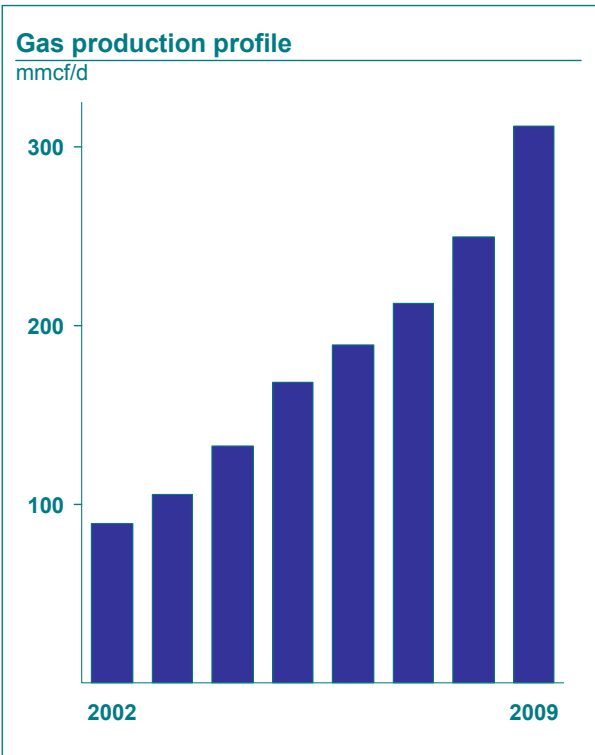


Production profile



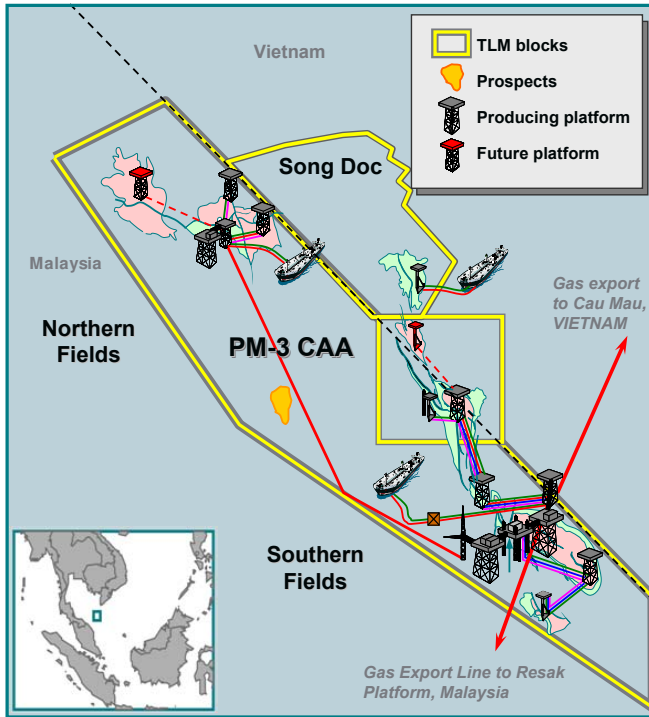
- Strategic core area
- 413 mmboc 2P reserves
- Access to premium gas markets
- Builds on key Pertamina relationship

Corridor – world class asset with strong growth and netbacks

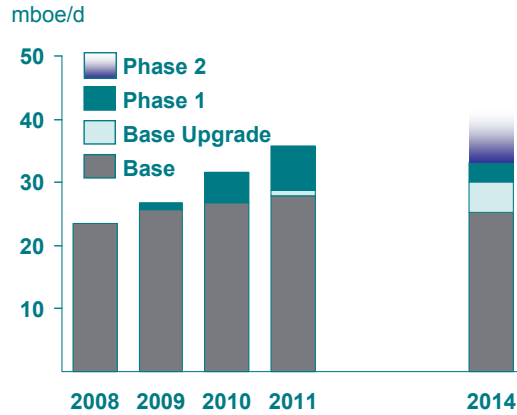


- 1Q 2010 price realization \$7.76/mcf, netback \$4.72/mcf
- Approximately two-thirds of production linked to oil price
- Free cash flow for reinvestment

Malaysia/Vietnam PM-3 CAA Incremental Oil Recovery (IOR)

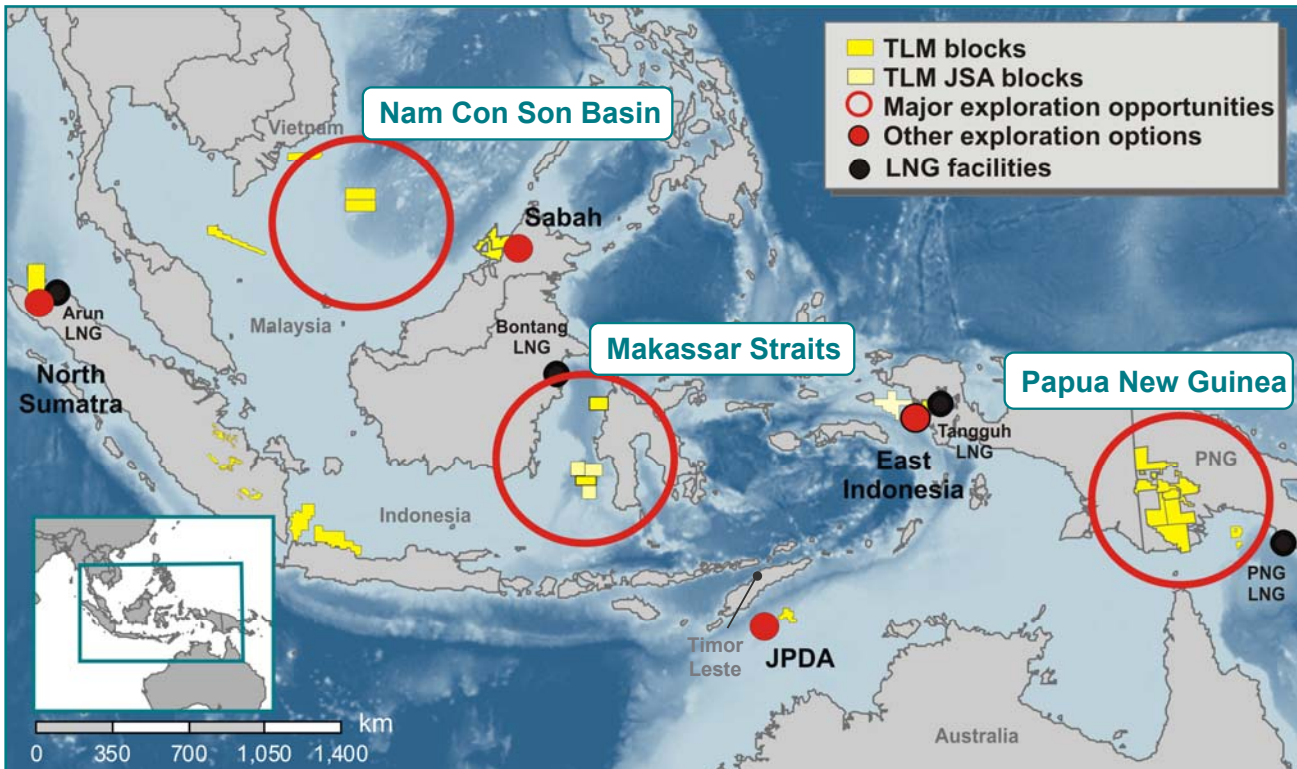


Production profile



- Talisman 41% working interest (operator); 161 mboe 2P reserves
- Activity maintains flat production for remainder of PSC
 - IOR Phase 1 optimizes existing fields, adding 10 mboe
 - IOR Phase 2 utilizes new platforms and facility upgrades

High quality exploration portfolio

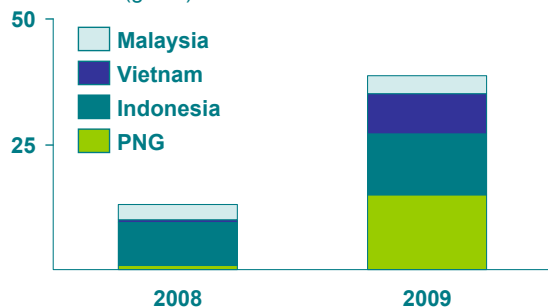


Expanding exploration footprint in the region



Total land holdings

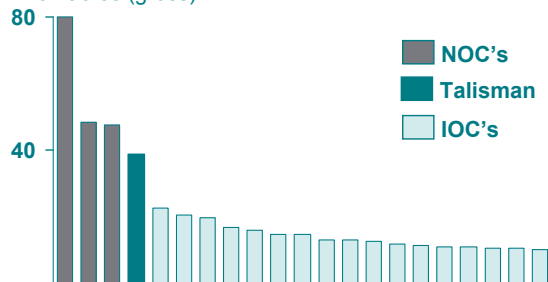
million acres (gross)



- Substantial acreage position in high-graded exploration basins
- Exploration portfolio provides basis for long term growth
- Regular license rounds offer continued access to land
- Growing regional energy demand underpins confidence in monetization

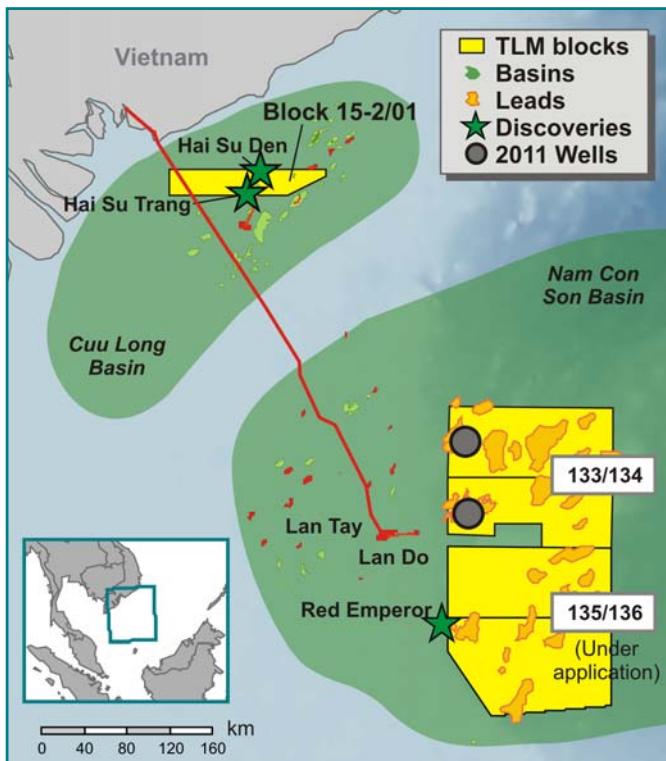
Peer land holdings comparison

million acres (gross)



Source: IHS Wood Mackenzie Pathfinder

Vietnam: Nam Con Son Basin

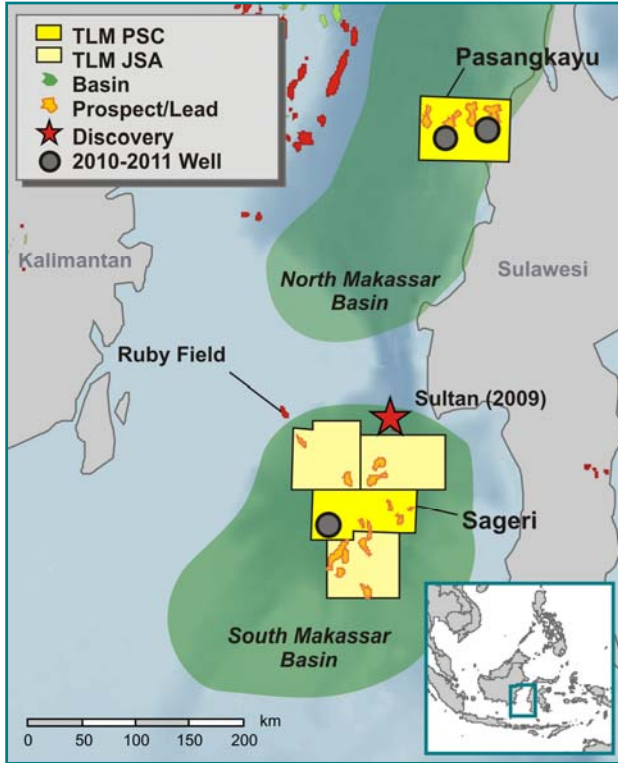


- Unexplored extension to prolific oil and gas basin
- Large operated position established
- Major seismic program in 2010
- Exploration drilling to commence in 2011



Fugro Seisquest

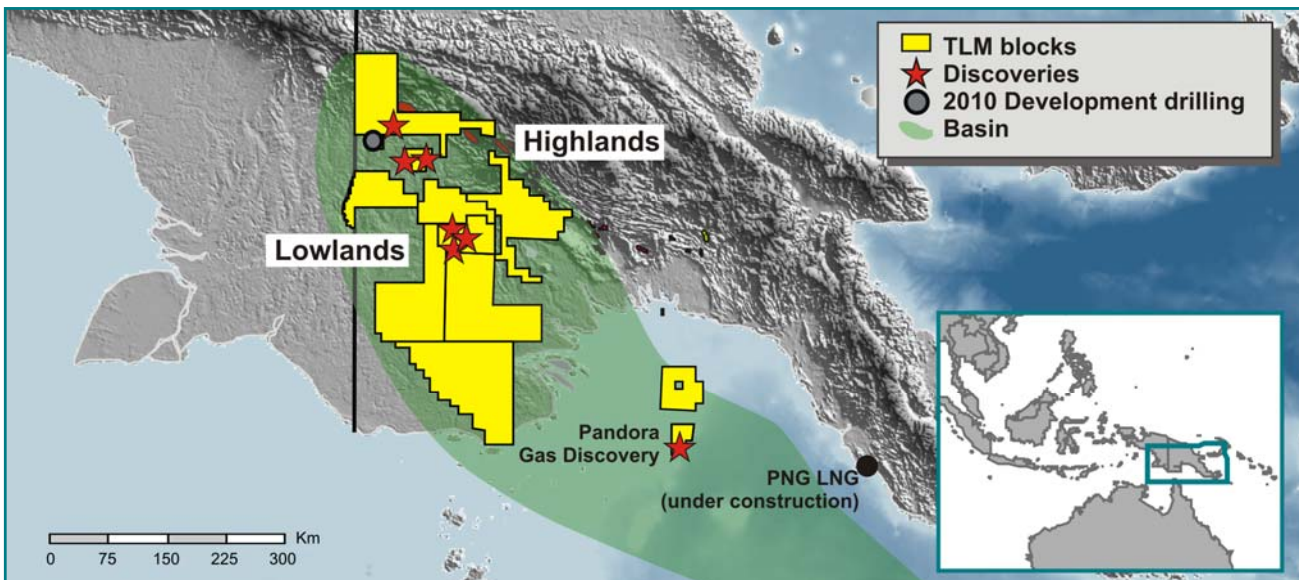
Indonesia: Makassar Straits – major deep water gas potential



- Built basin-controlling position in South Makassar
- 15 tcf (gross) prospective resource in over 15 leads
- First two exploration tests in 2010 in North Makassar
- First operated South Makassar well in 2011



Papua New Guinea

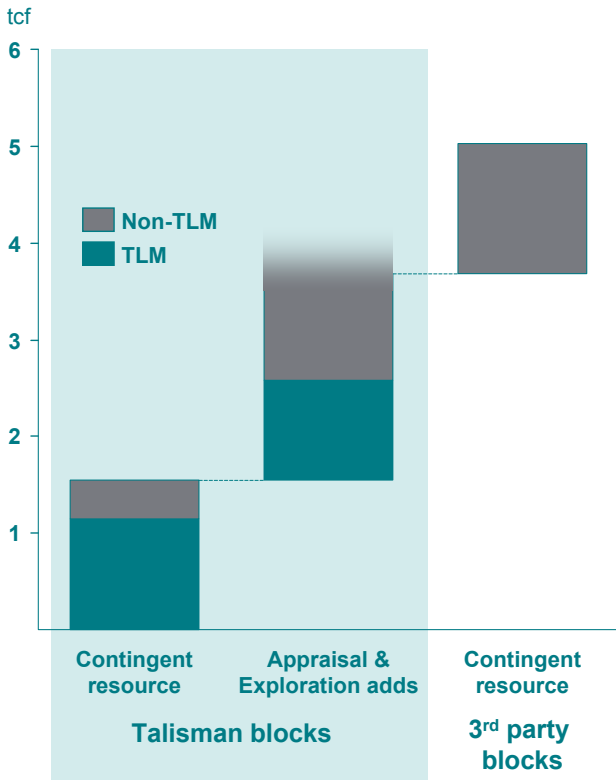


- Foreland basin under-explored with estimated 15 - 20 tcf (gross) prospective resource
- High working interest position across 12 licenses
- Positioned to lead a PNG foreland gas aggregation strategy
- Evaluating various strategic partnerships to support monetization options

PNG gas aggregation resource maturation



Resource Adds

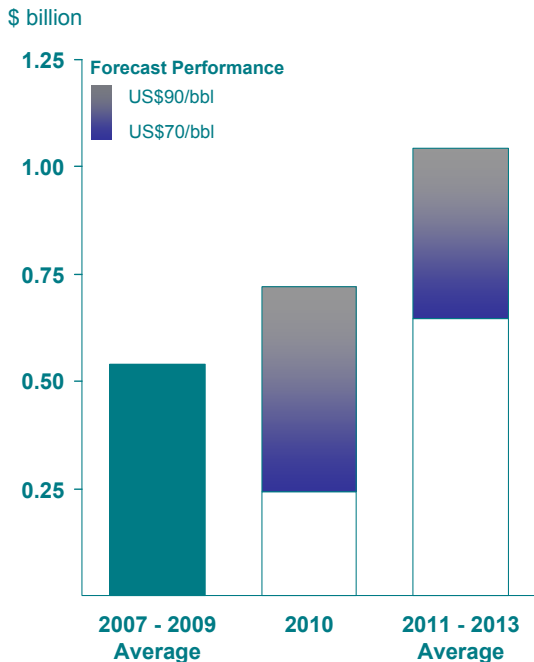


- Building portfolio of discovered and highly prospective acreage
- 2 - 4 tcf required for various monetization options
- Partnering strategy tied to commercialization

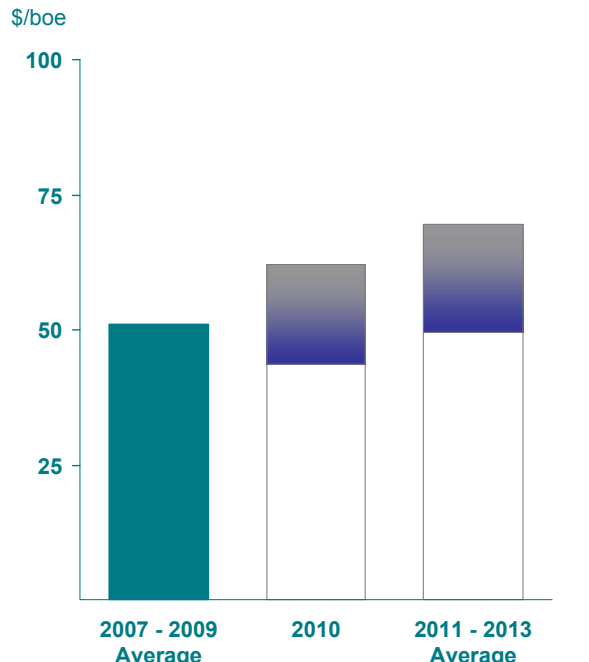
North Sea - strong cashflow and leverage to oil prices



Free Cash Flow



Netbacks

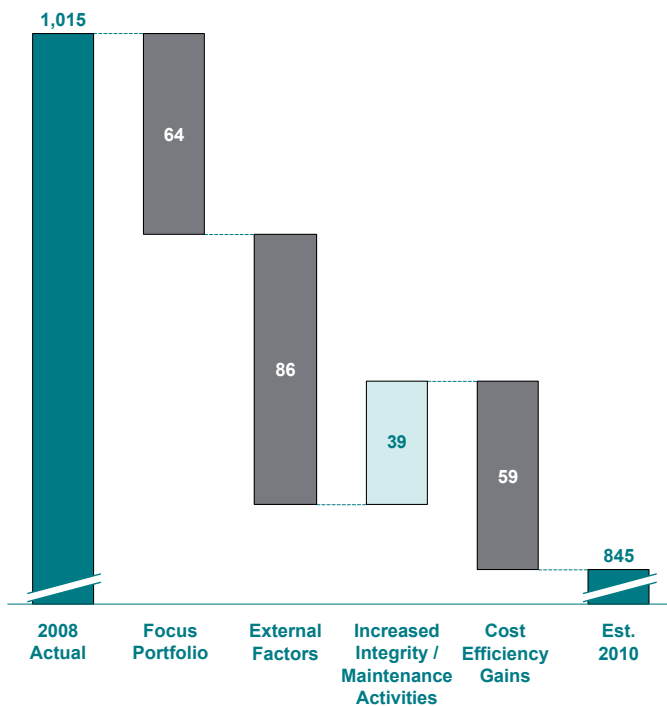


Focusing on cost efficiency



UK – operating costs

\$ million



Cost initiatives delivered

Portfolio

- Disposal of Beatrice – high opex/boe asset

Organization

- Offshore and onshore headcount reduced (150+ positions from 2008)
- Consolidated to single office from two

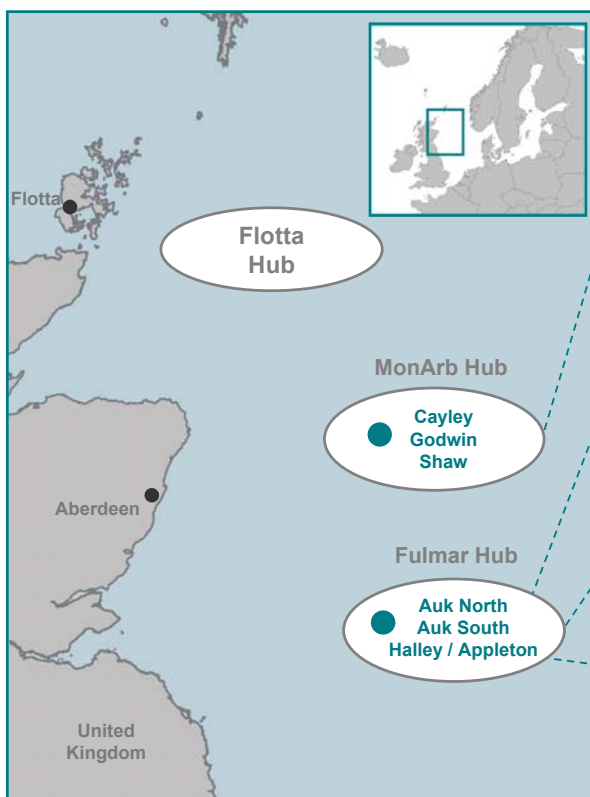
Logistics

- 3 vessels removed – 50% reduction
- 1 helicopter removed – 25% reduction

Operations

- Campaign teams for fabric maintenance and construction activities
- Contract re-tendering

Conveyor belt of projects sustains production



MonArb – Area Redevelopment	
• Reserve range	38 - 96 mmboe (2P undeveloped – 3P range)
• First oil	2014 - 2016

Auk North – Subsea Tieback Development	
• 2P Reserves	21 mmboe
• First oil	2011

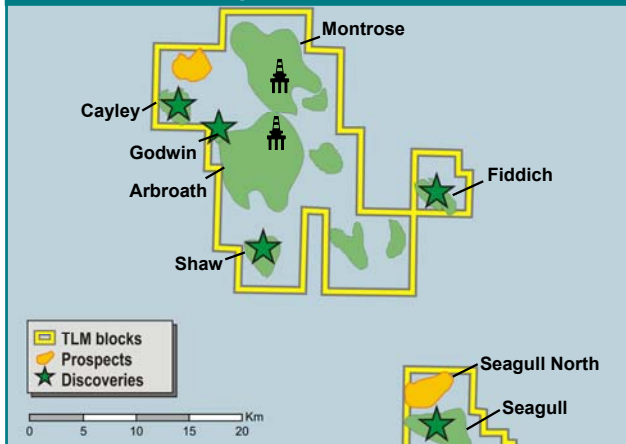
Auk South – Redevelopment	
• 2P Reserves	36 mmboe
• First oil	2012

Halley / Appleton	
• Unrisked prospective resource	28 - 40 - 56 mmboe
• First oil	2018 - 2020

MonArb Redevelopment - new volumes and maximizes value from existing fields



MonArb Redevelopment Catchment Area



Bridge Linked Platform (BLP) concept



Unlocks value around strategic hub

- Enlarge the catchment area
- Extend field life
- Improve production efficiency with new facilities
- Exploit Incremental production opportunities
- Improve viability of exploration prospects
- Access third party potential

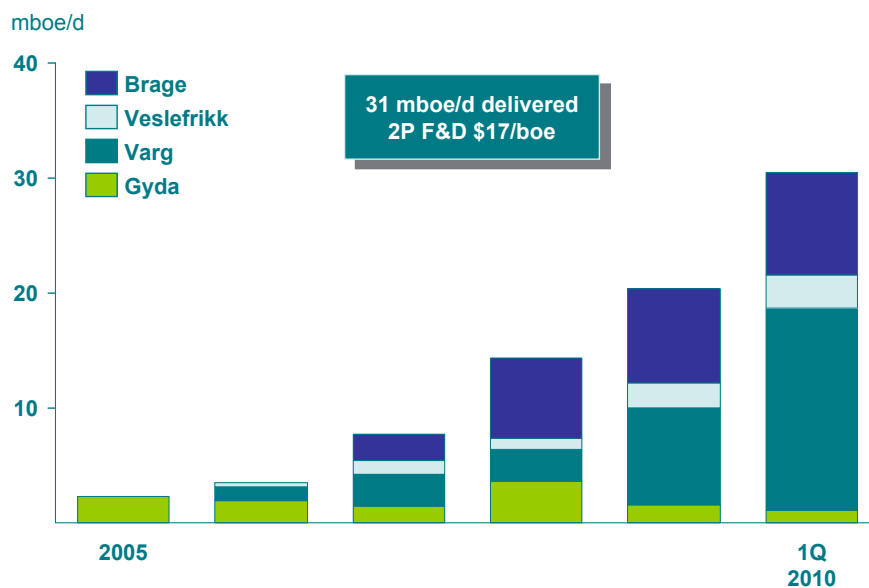
Sanction: 2012 F&D: \$20 – 25/boe
 First Oil: 2014 / 2016 Opex: \$18/boe
 Reserve Range: 38 - 96 mmboe (2P undeveloped – 3P range)

Norway - infill drilling delivers low cost incremental production from existing fields



Infill drilling incremental production

2010 – 2011 Infill program



2P reserves
10 mmboe

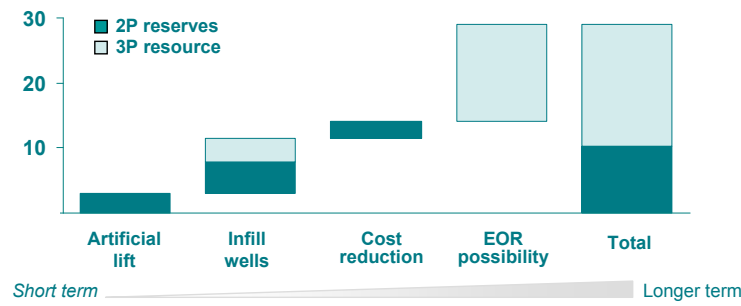
Infill wells drilled per year	2005	2006	2007	2008	2009	2010
	7	6	8	10	7	3

Driving asset value through reduced costs and future development – Gyda asset example



Incremental resources from future development

mmboe

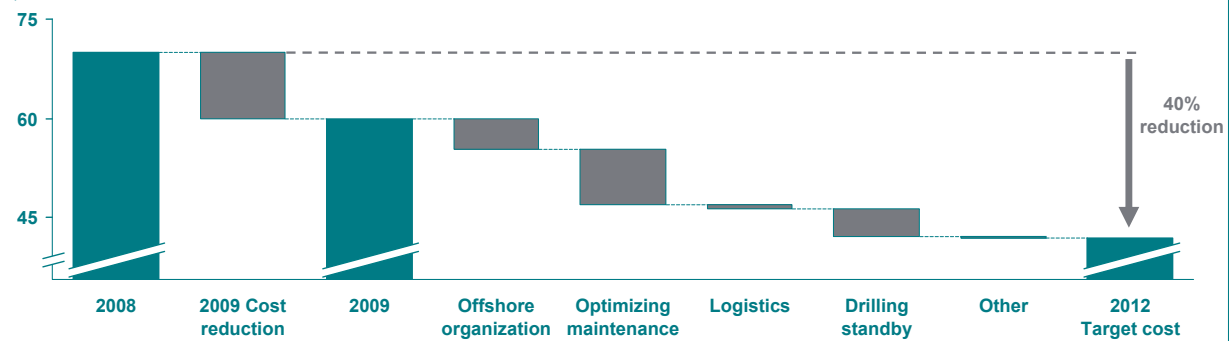


Development projects

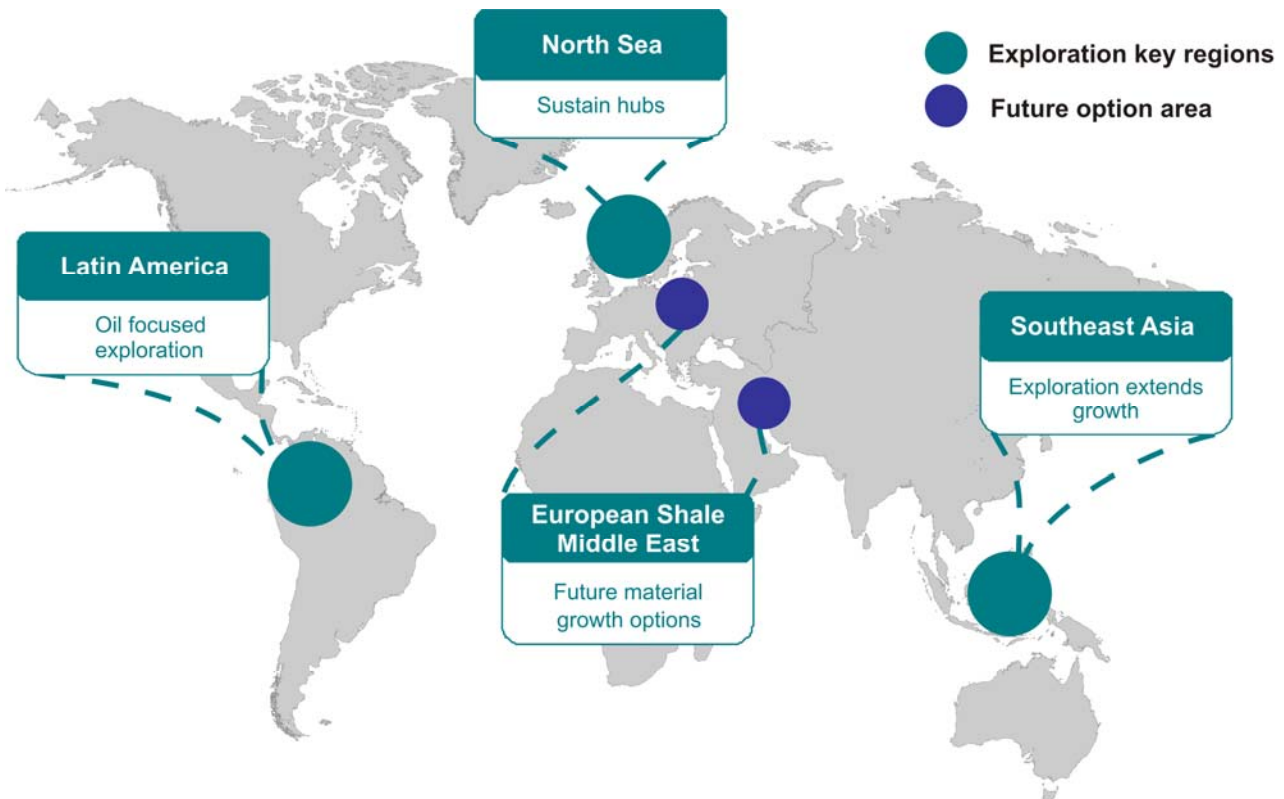
- Enhanced artificial lift
- 5-10 infill well program
- Enhanced oil recovery (EOR)

Cost Reduction, 2008 - 2012

\$ million



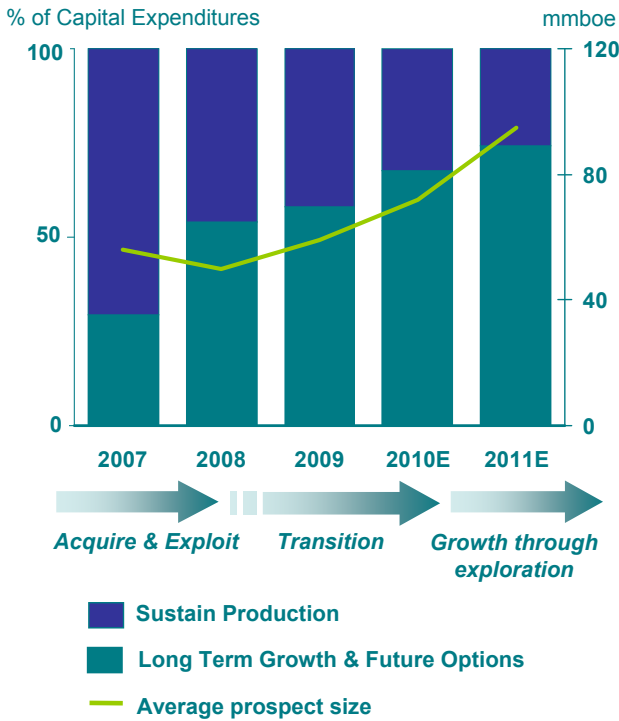
International exploration – regional focus



International Exploration – objectives



Capital allocation and average prospect size



Exploration strategic framework

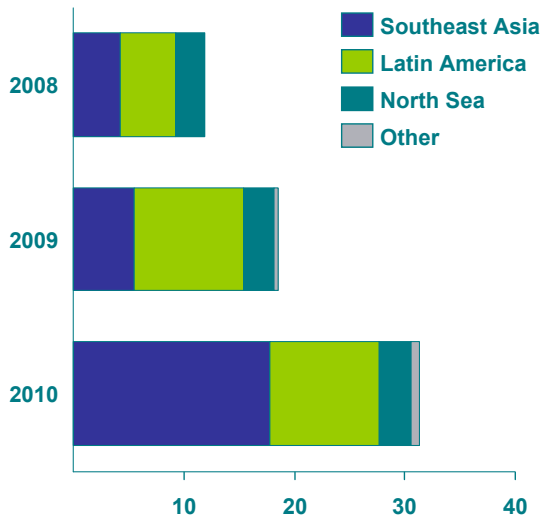
- Find 600 – 700 mmboe over five years
- Spend \$600 – \$700 million per year
- Target \$5/boe Finding Cost
- Reallocate exploration spend into material growth areas

Building a focused world class portfolio



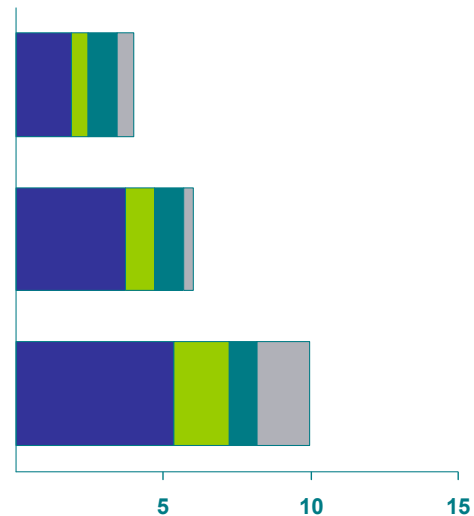
Land position

million acres (net)



Prospective resources

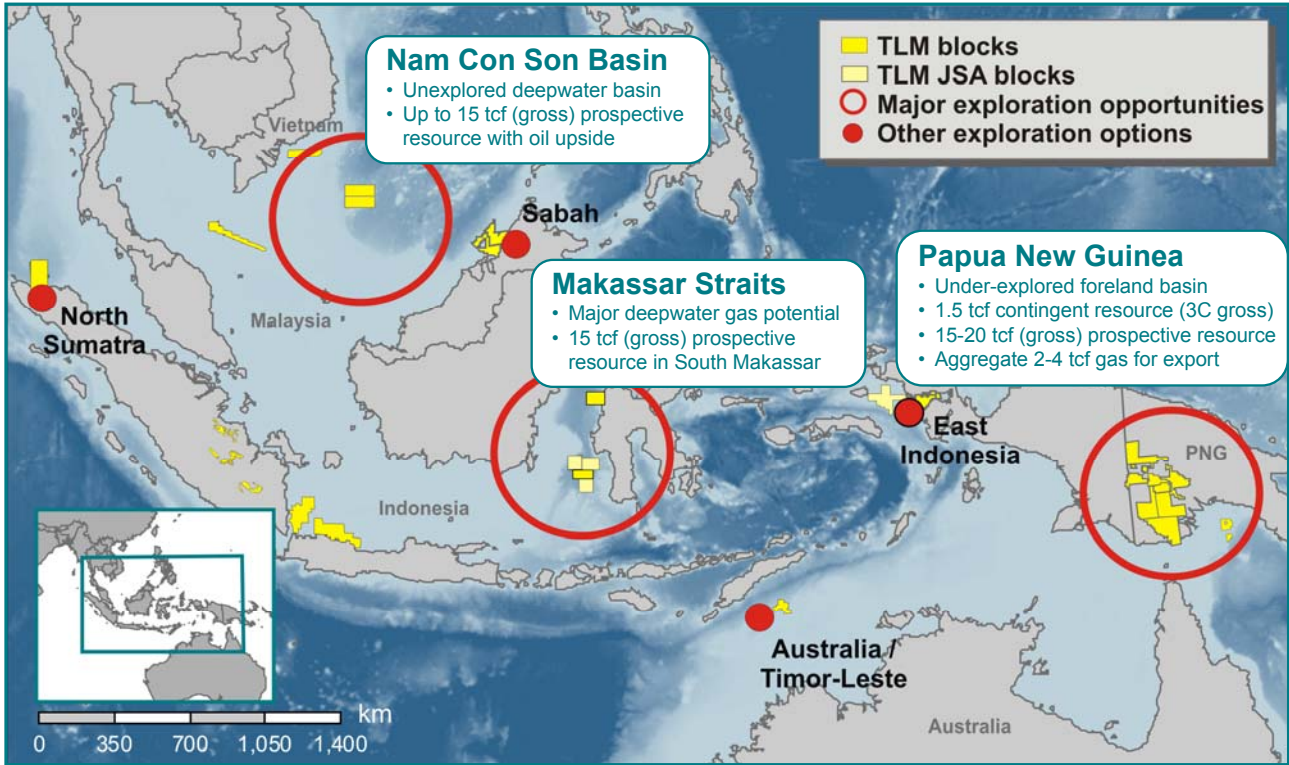
billion boe (working interest unrisks)



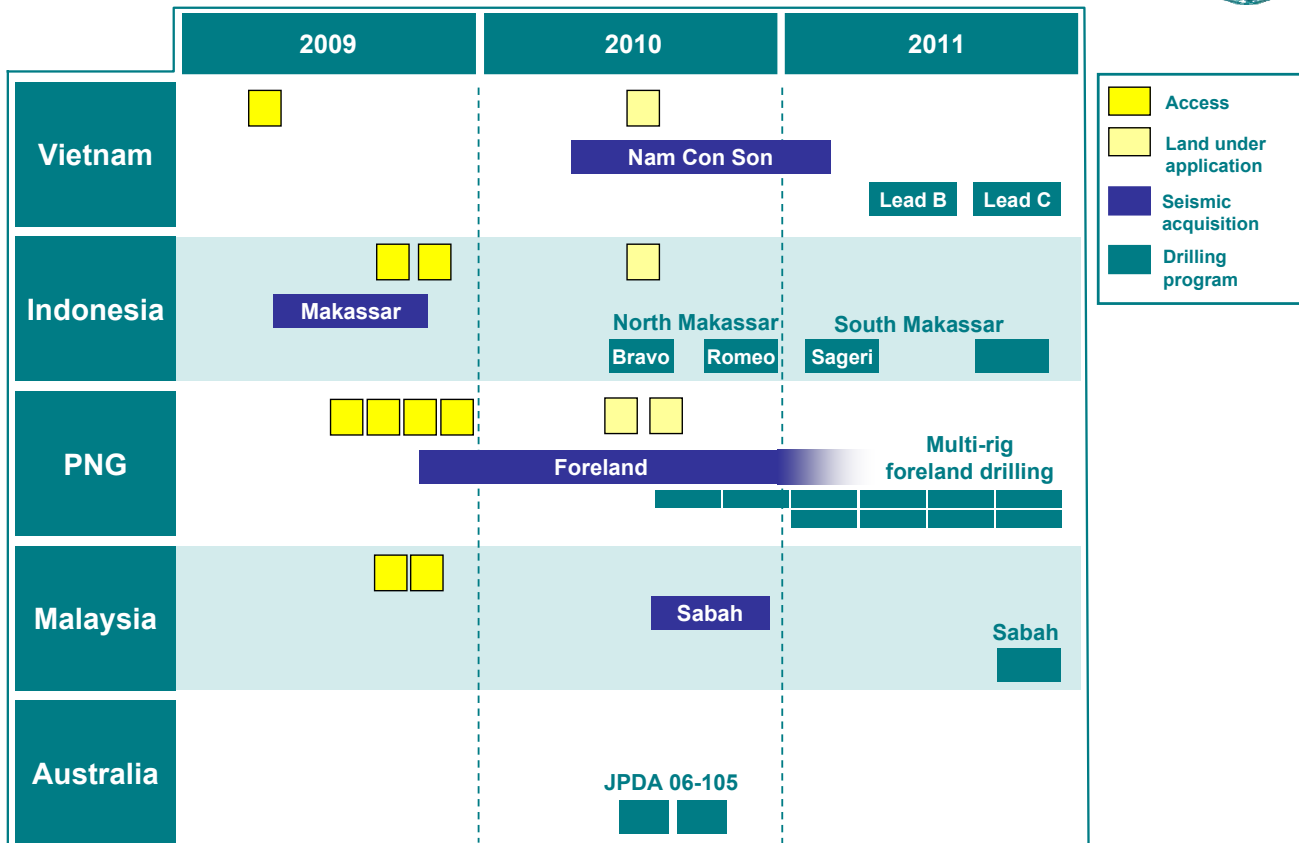
In the last 18 months. . .

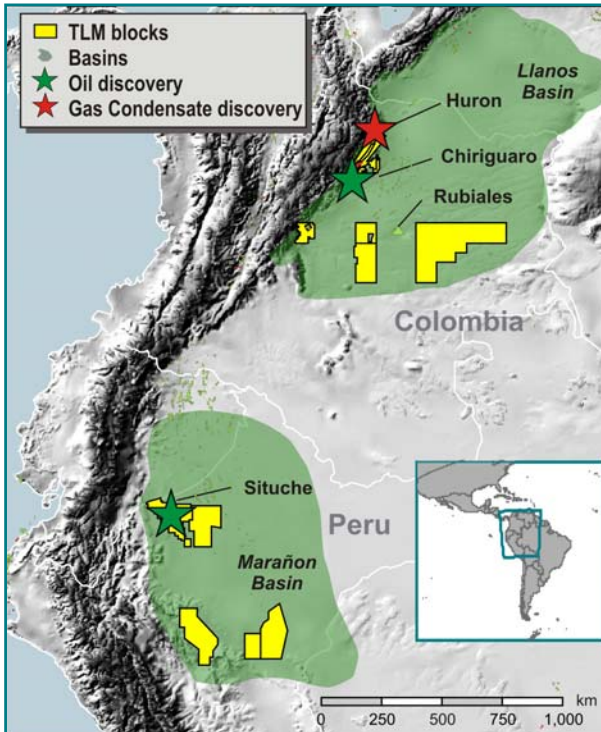
- Acreage position more than doubled
- Added nearly 5 billion boe of prospective resource to prospect inventory

Southeast Asia Exploration – world class portfolio



Southeast Asia - exploration activity





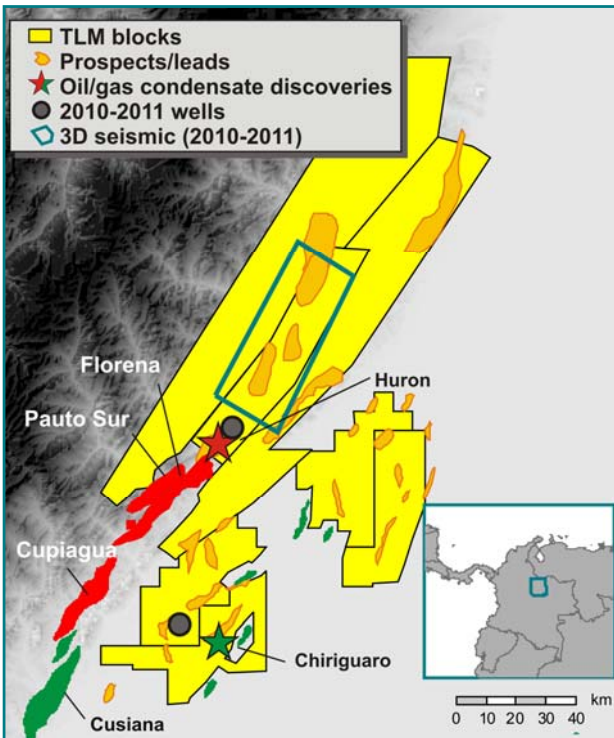
Colombia

- Large acreage position in 11 blocks
- Oil prone Llanos basin
- Huron discovery in Foothills in 2009
- Chiriguaro discovery in Foreland in 2010
- Exploration seismic and drilling activities in 2010 - 2011

Peru

- Large acreage position in five operated blocks
- Oil prone Marañon basin
- Under-explored petroleum basin
- Successfully appraised the Situche Central discovery in 2009
- Exploration seismic and drilling activities in 2010 - 2011

Colombia – exploration in 3 trends



Foothills Trend

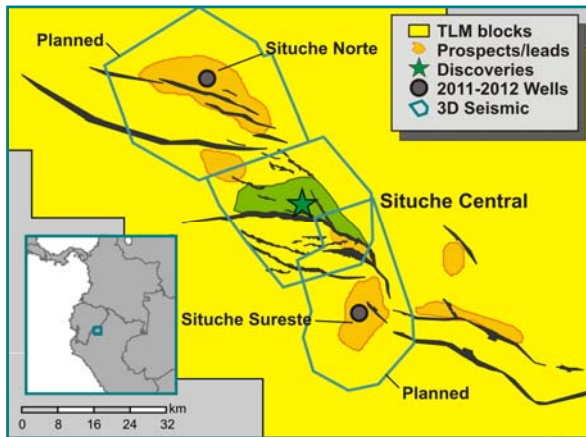
- Significant gas condensate discovery in 2009 - Huron
- Several reservoirs encountered and tested one zone at 3,400 boe/d
- Appraisal drilling program to commence in late 2010
- Acquiring 3D exploration seismic

Foreland Trend

- 3D seismic acquired
- Chiriguaro discovery in early 2010
- Calatea well to spud later this year

Heavy Oil Trend

- Seismic acquisition and stratigraphic wells drilling in 2010 - 2011



Situche Central

- Successfully appraised in 2009 and tested in 2010
- Demonstrated 1,100 ft oil column
- Appraisal well tested 5,200 bbls/d
- Light oil 37° API
- Well suspended for future production
- 80 km from Norperuano pipeline



Situche Central appraisal

Situche Complex

- Large Situche Norte and Sureste structures de-risked
- Potential for 100 – 200 million bbls in whole complex
- Further upside in deeper reservoirs



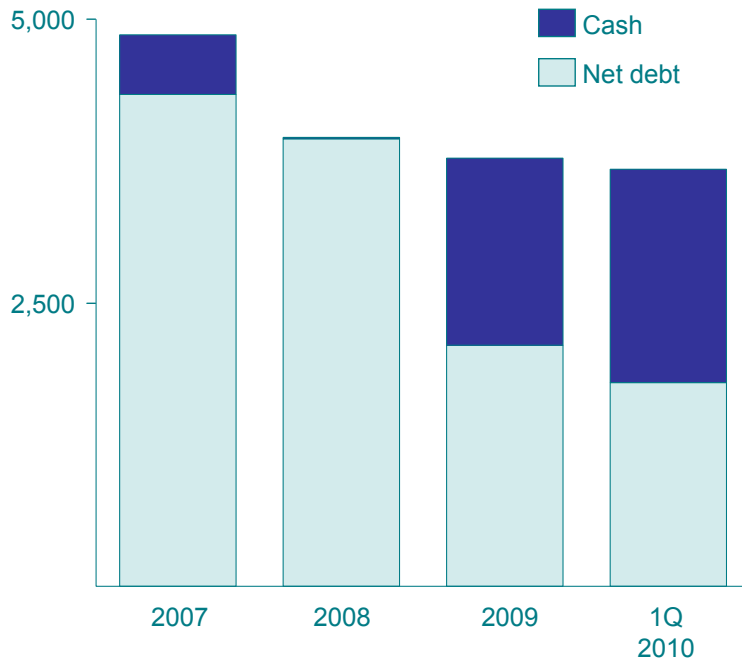
Appendix

Significant financial flexibility



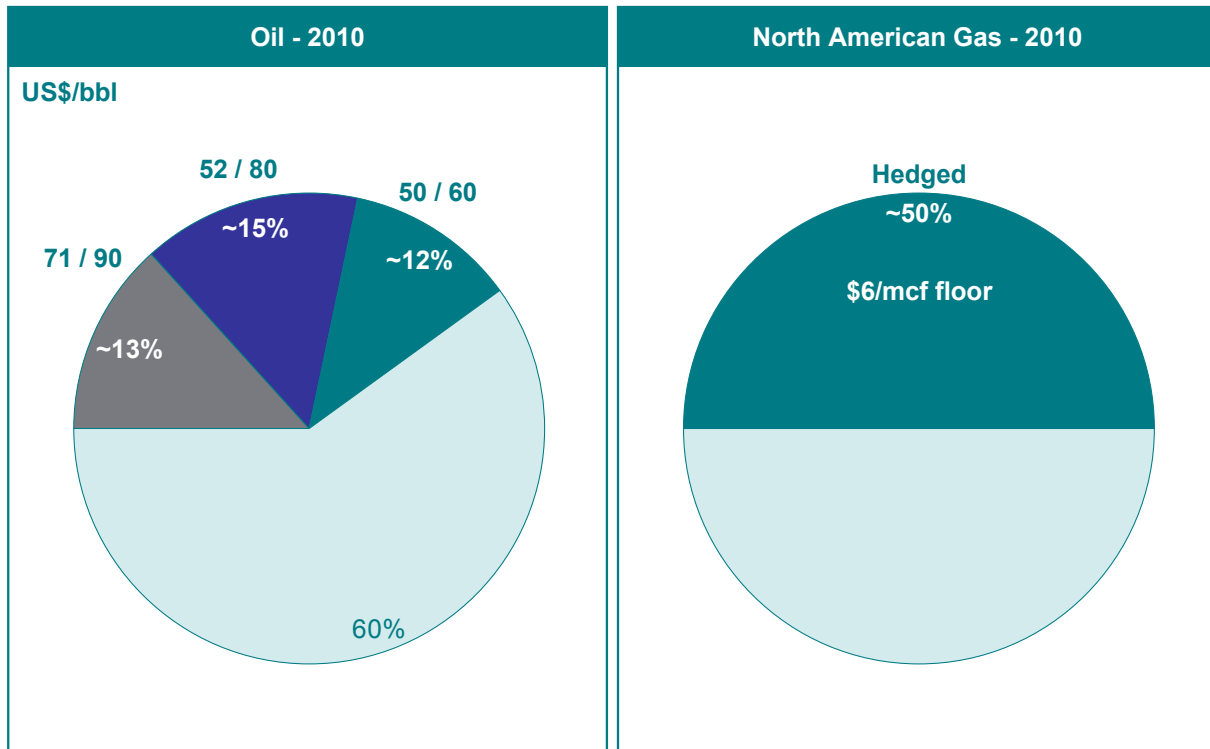
Corporate Debt

\$ million



- Last 2 years, >\$1 billion of total debt repaid and net debt decreased by \$2.5 billion

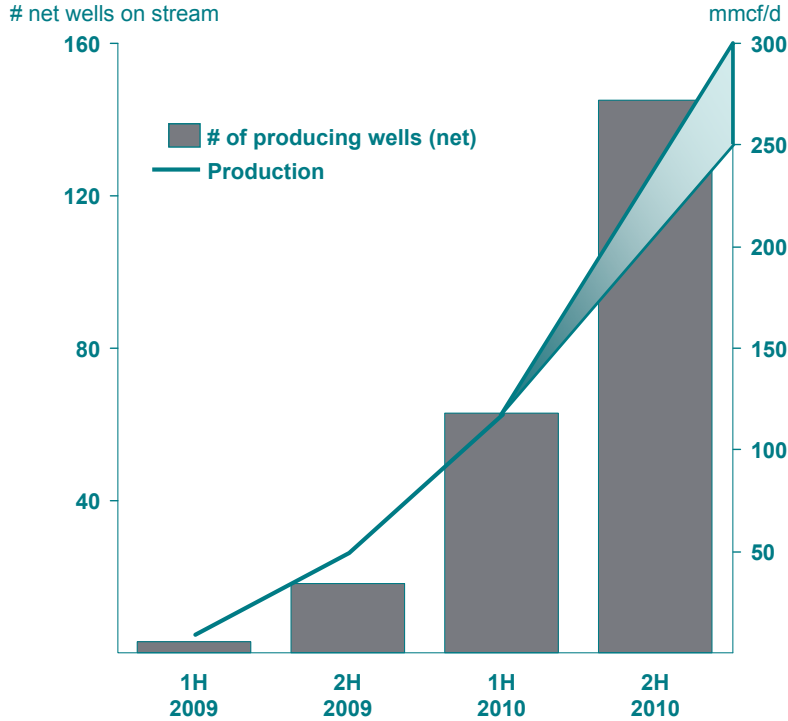
Hedges protect cash flow



Marcellus Shale - on track to meet 2010 targets

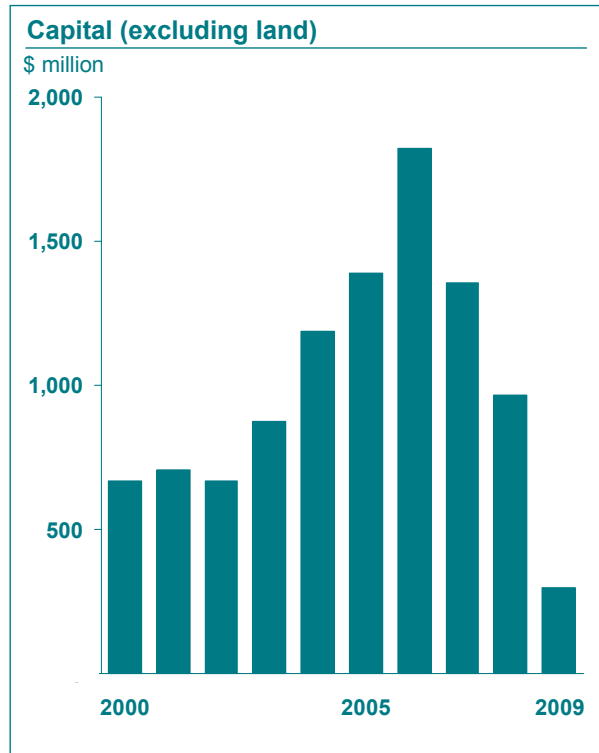
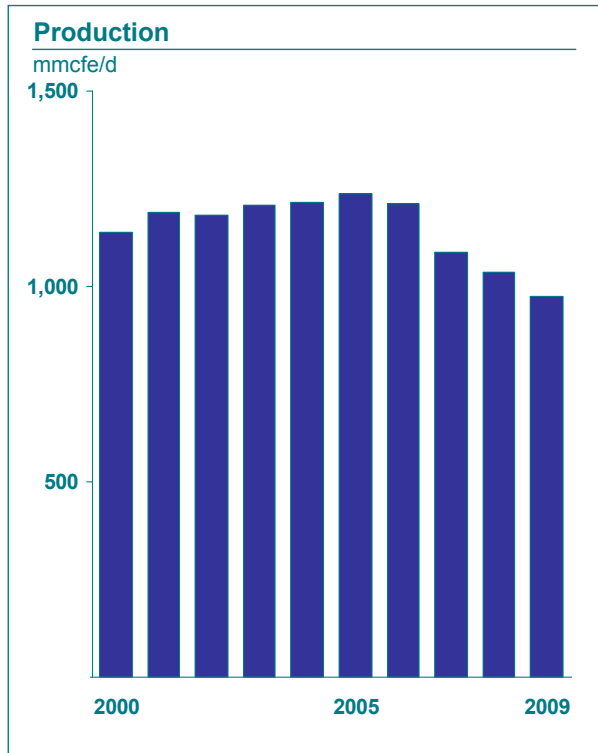


Production growth targets

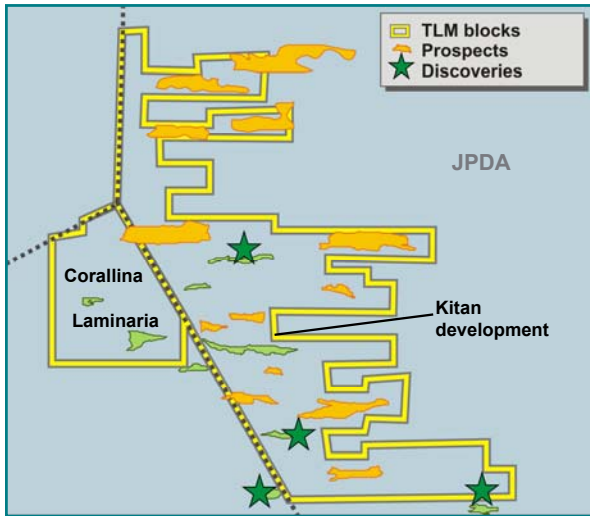


- At the end of April. . .
 - Production 150 mmcf/d
 - Brought 28.5 wells (net) on stream YTD
 - 41 gross (34 net) wells in inventory awaiting completion
- Commenced 2010 with six rigs, currently nine rigs
- On track to exit 2010 at 250 – 300 mmcf/d

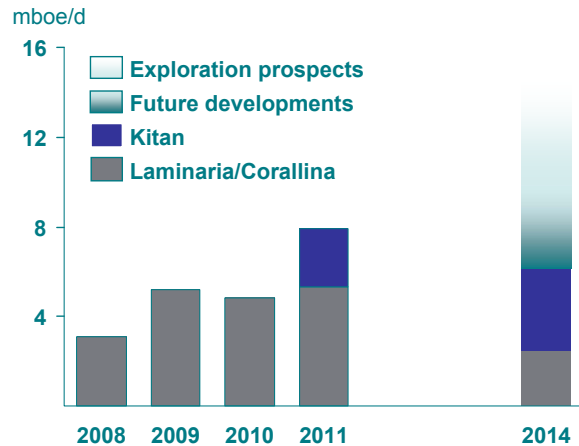
North America conventional – historical results



Australia and Timor Leste Joint Petroleum Development Area (JPDA)



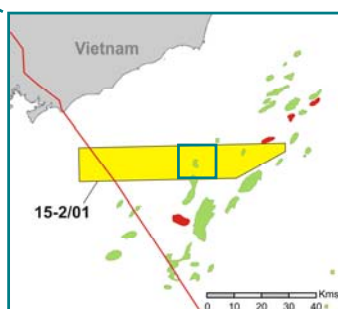
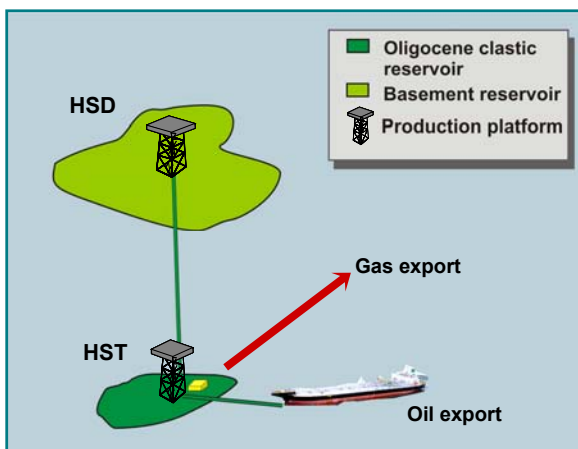
Production profile



Kitan Development

- 25% working interest (non-operated), 8.5 mmboc 2P reserves
- \$149 million net development capital (FPSO and 3 oil producers)
- Additional potential from discoveries and exploration

Vietnam Block 15-2/01 HST and HSD Early Production Scheme



	Current Plan
Sanction	2011
2P reserves mmboc	31
First Oil	2013
Peak production boe/d	10,000 – 20,000

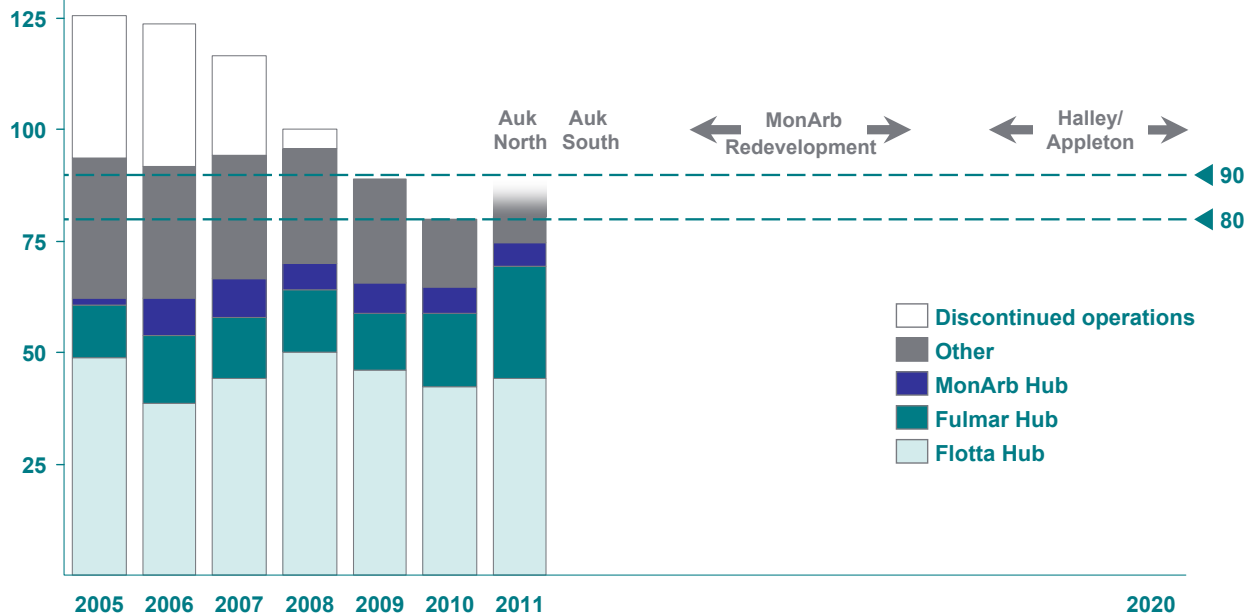
- Hai Su Trang (HST) underpins development in Block 15-2/01
- Hai Su Den (HSD) EPS re-sized with significant capital reduction
- Economics are robust

UK 80-90 mboe/d for a decade



Production

mboe/d

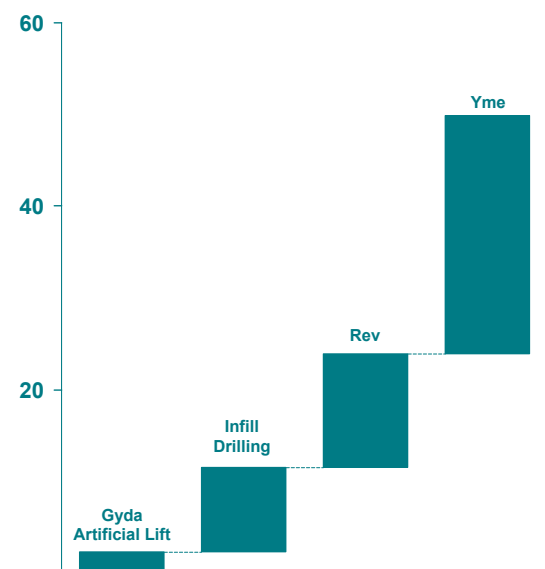


Norway - positioned to deliver strong free cash flow



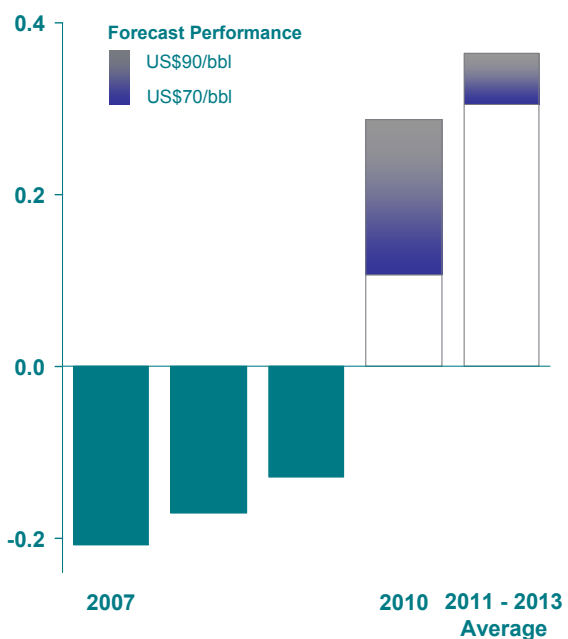
Incremental production (2008 – 2011)

mboe/d

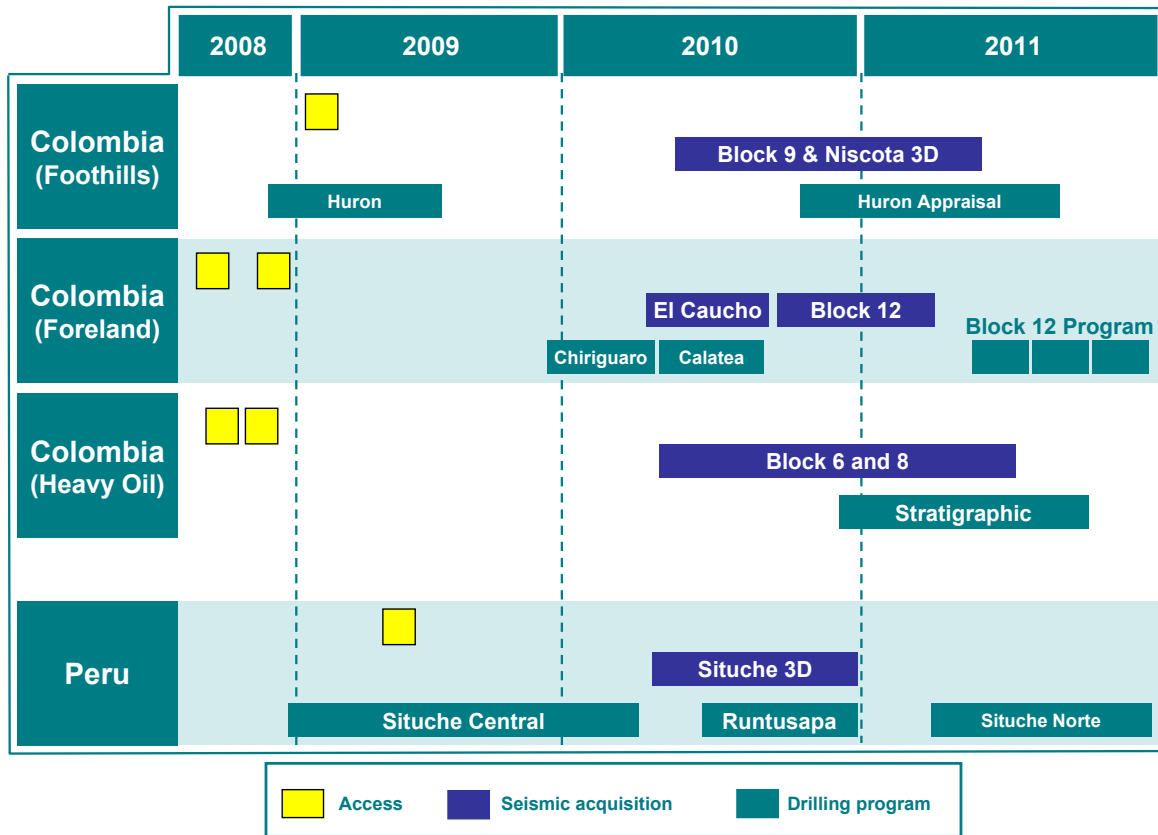


Free cash flow

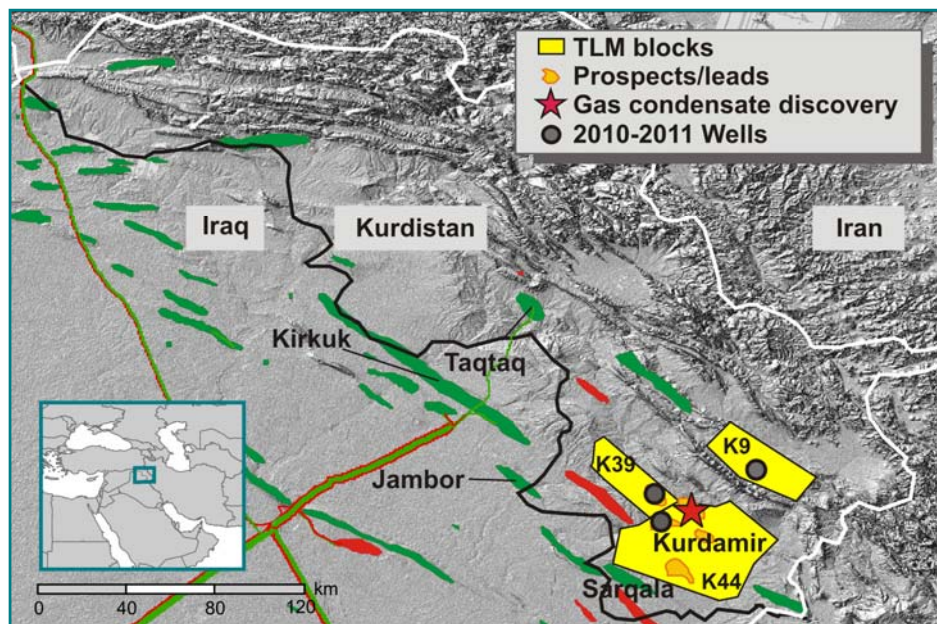
\$ billion



Latin America - exploration activity

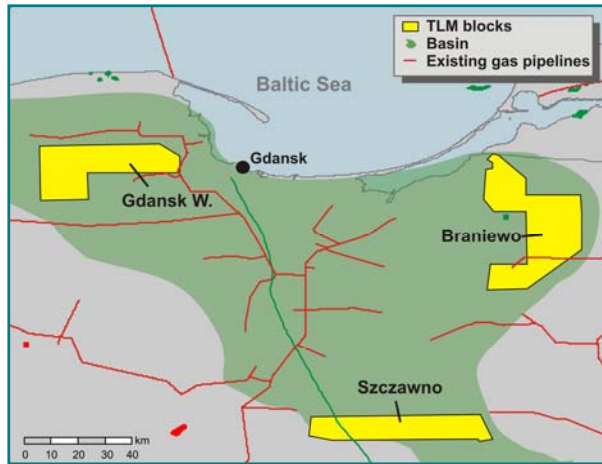


Future options – Kurdistan region of northern Iraq



- Talisman equity in three blocks – two as operator
- Drilling for deeper targets
- Major gas condensate discovery in Kurdamir
- Large prospects identified

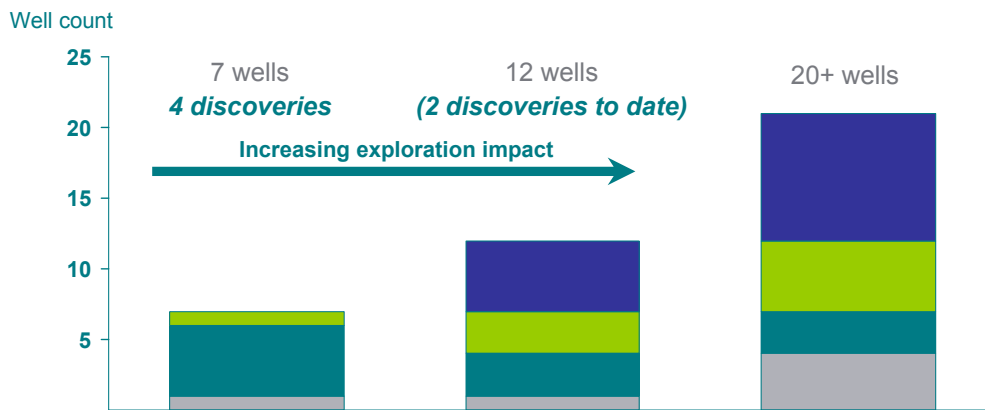
Future options – Poland Shale Gas



Parameter	Montney	Marcellus	Poland (estimate)
OGIP (bcf/sq. mile)	~ 450	40 - 130	220 - 1,550
Thickness (ft)	1,000-1,400	50 - 250	600 - 2,300
TVD Depth (000'ft)	6.5 - 11	4.5 - 6.8	8 - 14
Total Organic Carbon (range)	1 - 5%	4 - 7%	0.9 - 9%

- First move in International shale gas
- Leverage North American expertise
- Seismic and 3 wells through 2012
- Technical parameters favorable

Key exploration wells 2009 - 2011



Region	2009	2010	2011
South East Asia		Indonesia – Bravo Indonesia – Romeo PNG – Well #1 Australia – Wells #1, 2	Vietnam – Wells #1, 2 Indonesia – Sageri PNG – Wells #1 - 5 Malaysia – Wells #1
Latin America	Colombia - Huron	Colombia - Chiriguaro Colombia – Calatea Peru - Runtusapa	Colombia – Foreland #1 - 4 Peru – Situche Norte
North Sea	UK – Godwin UK – Shaw Norway – Canon Norway – TR3 Norway – Grevling	UK – TP2 UK – TR1 Norway - Optimus	UK – Wells #1, 2 Norway – Well #1
Future Options	Kurdistan - Sarqala	Kurdistan - Kurdamir	Kurdistan – Wells #1, 2 Poland – Wells #1, 2

Key Historical Data

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
<u>Daily production, before royalties</u>					
Oil & liquids (mmbbl/d)	211	224	241	262	250
Natural gas (mmcf/d)	1,283	1,247	1,265	1,342	1,319
Barrels of oil equivalent (mboe/d)	425	432	452	485	470
<u>Daily production, after royalties</u>					
Oil & liquids (mmbbl/d)	181	187	203	217	213
Natural gas (mmcf/d)	1,088	992	1,017	1,091	1,043
Barrels of oil equivalent (mboe/d)		352	373	402	390
<u>Proved reserves, before royalties</u>					
Oil & liquids (mmbbl)	532	545	749	767	736
Natural gas (bcf)	5,273	5,338	5,464	5,403	5,417
Barrels of oil equivalent (mmbbl)	1,411	1,434	1,660	1,667	1,639
<u>Drilling activity</u>					
North America - Oil & liquids	5	138	128	194	171
North America - Natural gas	154	286	288	496	495
North America Total	159	424	416	690	666
North America - Drilling success (%)	98	100	98	98	97
International - Oil & liquids	59	73	73	65	51
International - Natural gas	12	37	11	18	5
International Total	71	110	84	83	56
International - Drilling success (%)	86	89	79	83	81
<u>Net undeveloped land (thousands of acres)</u>					
North America	9,145	9,786	9,559	7,837	5,588
International	26,208	16,443	12,948	11,048	13,484
Total	35,353	26,229	22,507	18,884	19,072

Key Historical Data

	2009	2008	2007	2006	2005
<u>Ratios and Key Indicators (C\$ millions, except per share)</u>					
Cash flow	3,961	6,163	4,327	4,748	4,672
Net Income	437	3,519	2,078	2,005	1,561
Per Common Share					
Cash flow	3.90	6.06	4.19	4.35	4.23
Net Income	0.43	3.46	2.01	1.84	1.41
Exploration & development spending	4,245	5,106	4,449	4,578	3,179
Acquisitions	438	452	317	204	3,170
Dispositions	2,772	442	1,477	872	22
Average Royalty Rate (%)	15	18	17	17	17
Unit operating costs (C\$/boe)	12.91	13.57	12.14	9.98	8.41
Unit DD&A (C\$/boe)	17.36	16.44	14.74	12.22	10.88
Return on capital employed (%)	4.1	26.6	18.0	19.3	19.1

Notes: Return on capital employed = Net income plus tax effected interest / (average shareholders' equity + average net debt)
2007 and 2008 have been restated for operations classified as discontinued in 2009.

Balance Sheet Info (C\$ millions)

Property, plant & equipment	18,914	18,540	16,363	16,655	13,806
Total assets	23,618	24,275	21,420	21,481	18,354
Long-term debt (including current portion)	3,780	3,961	4,862	4,560	4,263
Shareholders' equity	11,111	11,150	7,963	7,307	5,729

Share information, adjusted to reflect stock splits

Common shares outstanding (millions)	1,019	1,019	1,019	1,064	1,099
TSX trading info					
Average daily trading volume (thousands)	4,066	3,727	2,951	3,254	3,143
High (C\$)	20.17	24.92	22.67	24.84	20.83
Low (C\$)	9.92	8.28	16.90	16.12	10.50
Close (C\$)	19.69	12.18	18.39	19.80	20.53
NYSE trading info					
Average daily trading volume (thousands)	3,998	4,248	2,115	2,139	1,384
High (US\$)	19.51	25.71	22.08	21.62	18.08
Low (US\$)	7.97	6.42	15.04	14.21	8.36
Close (US\$)	18.64	9.99	18.52	16.99	17.63

Commodity Information

WTI (average US\$/bbl)	61.79	99.65	72.31	66.25	56.70
NYMEX gas (average US\$/mmbtu)	4.05	8.95	6.92	7.26	8.55
US\$/C\$ exchange rate (year end)	0.9555	0.8166	1.0120	0.8581	0.8577

Realized product pricing, before hedging activities

Oil & liquids (C\$/bbl)	67.36	96.43	75.00	69.82	62.78
Natural gas (C\$/mcf)	5.29	9.01	6.99	7.20	8.30

Advisories

Forward-Looking Information

This presentation contains information that constitutes “forward-looking information” or “forward-looking statements” (collectively “forward-looking information”) within the meaning of applicable securities legislation. This forward-looking information includes, among others, statements regarding: business strategy, priorities and plans; expected dispositions; planned drilling, development, redevelopment, piloting and exploration; planned production, production growth and future projects; planned capital expenditures and program; planned prospective resource additions; estimated F & D costs and planned reductions of same; planned hedging programs; targeted drilling and completions costs; targeted EUR and IP; expected exit rates; expected break-even costs and increases in operational efficiencies; reserves life and remaining resources; forecasted cash flow; and other expectations, beliefs, plans, goals, objectives, assumptions, information and statements about possible future events, conditions, results of operations or performance.

The forward-looking information included in this presentation is based on Talisman’s 2010 capital program. Talisman has set its 2010 capital expenditure plans assuming: (1) Talisman’s production in 2010 will be just over 400,000 boe/d, assuming that most of the North American asset sales close by mid-year; (2) a US \$60/bbl WTI oil price for 2010; and (3) a US \$3.50/mmbtu NYMEX natural gas price for 2010. The disposition metrics disclosed assume closing of all dispositions as announced; the final completion of such dispositions is contingent on various factors including the ability of the Company to negotiate acceptable terms of sale and receipt of any required approvals for such transactions. Forward-looking information for periods past 2010 assumes escalating commodity prices.

Undue reliance should not be placed on forward-looking information. Forward-looking information is based on current expectations, estimates and projections that involve a number of risks which could cause actual results to vary and in some instances to differ materially from those anticipated by Talisman and described in the forward-looking information contained in this presentation. The material risk factors include, but are not limited to: the risks of the oil and gas industry, such as operational risks in exploring for, developing and producing crude oil and natural gas, market demand and unpredictable facilities outages; risks and uncertainties involving geology of oil and gas deposits; uncertainty related to securing sufficient egress and markets to meet shale gas production; the uncertainty of reserves and resources estimates, reserves life and underlying reservoir risk; the uncertainty of estimates and projections relating to production, costs and expenses; the impact of the economy on the ability of the counterparties to the Company’s commodity price derivative contracts to meet their obligations under the contracts; potential delays or changes in plans with respect to exploration or development projects or capital expenditures; fluctuations in oil and gas prices, foreign currency exchange rates and interest rates; the outcome and effects of any future acquisitions and dispositions; health, safety and environmental risks; uncertainties as to the availability and cost of financing and changes in capital markets; risks in conducting foreign operations (for example, political and fiscal instability or the possibility of civil unrest or military action); changes in general economic and business conditions; the possibility that government policies or laws may change or governmental approvals may be delayed or withheld; and results of the Company’s risk mitigation strategies, including insurance and any hedging activities. The foregoing list of risk factors is not exhaustive. Additional information on these and other factors which could affect the Company’s operations or financial results or strategy are included in Talisman’s most recent Annual Information Form. In addition, information is available in the Company’s other reports on file with Canadian securities regulatory authorities and the SEC. Forward-looking information is based on the estimates and opinions of the Company’s management at the time the information is presented. The Company assumes no obligation to update forward-looking information should circumstances or management’s estimates or opinions change, except as required by law.

Talisman defines “Tier 1” acreage as top quality acreage with an expected breakeven of approximately USD \$4/mcf.

Oil and Gas Information

Reserves

National Instrument 51-101 (“NI 51-101”) of the Canadian Securities Administrators imposes oil and gas disclosure standards for Canadian public companies engaged in oil and gas activities. Talisman has obtained an exemption from Canadian securities regulatory authorities to permit it to provide disclosure in accordance with the US disclosure requirements, in order to provide for comparability of oil and gas disclosure with that provided by US and other international issuers. Accordingly, some of the reserves data and other oil and gas information included in this presentation are disclosed in accordance with US disclosure requirements. Such information, as well as the information that Talisman discloses in the future in reliance on the exemption, may differ from the corresponding information prepared in accordance with NI 51-101 standards. Information on the differences between the US requirements and NI 51-101 requirements is set forth under the heading “Note Regarding Reserves Data and Other Oil and Gas Information” in Talisman’s most recent Annual Information Form. The exemption granted to Talisman also permits it to disclose internally evaluated reserves data. Any reserves and resources data contained in this presentation reflects Talisman’s estimates of its reserves and resources. While Talisman annually obtains an

Advisories

independent audit of a portion of its proved and probable reserves, no independent qualified reserves evaluator or auditor was involved in the preparation of the reserves and resources data disclosed in this presentation.

Possible reserves are those additional reserves that are less certain to be recovered than probable reserves. There is a 10% probability that the quantities actually recovered will equal or exceed the sum of proved plus probable plus possible reserves.

Unless otherwise stated, references to production and reserves represent Talisman's working interest share before deduction of royalties.

Resources

In this presentation, Talisman also discloses contingent resources, prospective resources and OGIP as at April 30, 2010. Where not otherwise indicated, the contingent and prospective resources included in this presentation are best estimates.

Contingent resources are defined as those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations using established technology or technology under development, but which are not currently considered to be commercially recoverable due to one or more contingencies. In North America, the contingencies that prevent the resources from being classified as reserves are: additional testing; production and performance appraisal activities; demonstration of economic viability; facilities and egress; access to equipment and services; frac technology; commodity prices and regulatory approvals. There is no certainty that it will be commercially viable to produce any portion of the resources.

Prospective resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects. Prospective resources have both an associated chance of discovery and a chance of development. There is no certainty that any portion of the resources will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of the resources. Unrisked prospective resources are not risked for change of development or chance of discovery. If a discovery is made, there is no certainty that it will be developed or, if it is developed, there is no certainty as to the timing of such development. Where not otherwise indicated, references to "resource adds" in this presentation refer to unrisked prospective resources.

OGIP is defined as original gas in place and is that quantity of petroleum that is estimated to exist originally in naturally occurring accumulations. It includes that quantity of gas that is estimated, as of a given date, to be contained in known accumulations, prior to production. All OGIP estimates in this presentation are discovered with the exception of the OGIP estimate for Poland which is undiscovered. There is no certainty that any portion of the Poland resources will be discovered. A recovery project cannot be defined for this volume of undiscovered original gas in place at this time. There is no certainty that it will be commercially viable to produce any portion of the resources.

Gross Production

Where not otherwise indicated, production volumes are stated on a gross basis, which means they are stated prior to the deduction of royalties and similar payments. In the U.S., net production volumes are reported after the deduction of these amounts. U.S. readers may refer to the table headed "Continuity of Proved Net Reserves" in Talisman's most recent Annual Information Form for a statement of Talisman's net production volumes.

Boe/Mcfe conversion

Throughout this presentation, barrels of oil equivalent (boe) is calculated at a conversion rate of six thousand cubic feet (mcf) of natural gas for one barrel of oil and is based on an energy equivalence conversion method. This presentation also includes references to mcf equivalent (mcfe) which are calculated at a conversion rate of one barrel of oil to six thousand cubic feet of gas (1 bbl:6 mcf). Boes and mcfes may be misleading, particularly if used in isolation. A boe conversion ratio of 6 mcf:1 bbl and an mcfe conversion ratio of 1 bbl:6 mcf are based on an energy equivalence conversion method primarily applicable at the burner tip and do not represent a value equivalency at the wellhead.

Reserve life index

Talisman discloses reserve life index ("RLI") for each of North America, the North Sea and Southeast Asia. 1P RLI for 2009 is calculated by dividing the 2009 year end proved reserves at SEC historic average annual prices by the Company's 2009 gross production. 2P RLI for 2009 is calculated by dividing the 2009 year end proved plus probable reserves at SEC historic average annual prices by the Company's 2009 gross production.

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F&D

In this presentation, Talisman discloses year over year finding and development costs per boe ("F&D") for 2008, 2009 and 2010 for the Company. The annual F&D costs for the Company, by year, for the last 3 years, are as follows: 2009 - \$24.30, 2008-\$42.83, 2007-\$25.85. Historic F&D is calculated by dividing the total costs incurred in oil and gas activities (excluding acquisition costs) by the gross proved reserves additions which include additions and revisions of gross proved reserves. F&D for 2010 is calculated by dividing the estimated total costs to be incurred in oil and gas activities (excluding estimated acquisition costs) by estimated gross proved reserves additions which include additions and revisions of gross proved reserves. Gross proved reserves include proved developed and proved undeveloped reserves and represent Talisman's working interest. Various factors impact historic reserves additions including: successful wells, improved recovery, new sales contracts and revisions to the economic parameters of a field as a result of changes in commodity prices, development costs or operating costs. All 2008 and 2009 F&D numbers exclude the impact of price revisions on reserves resulting from SEC year end or 12-month average prices respectively. F&D is used by the Company to determine the cost of reserves additions in a period. Talisman's reported F&D may not be comparable to similarity titled measures used by other companies. It should be noted that F&D is a measure that has limitations. As an annual measure, the ratio is limited because it may vary widely, based on the extent and timing of new discoveries, project sanctioning and capital expenditures. F&D may not reflect full cycle finding and development costs. The predictive and comparative value of F&D is limited for the aforementioned reasons.

Netbacks

Talisman also discloses netbacks for the North Sea in this presentation. Netbacks per boe are calculated by deducting from the sales price associated royalties, operating and transportation costs.

Analogous Information

Throughout this presentation, Talisman discloses analogous information as defined by NI 51-101 which is relevant to the Company for comparative purposes. The Company cannot confirm that the analogous information was prepared by a qualified reserves evaluator nor that it was prepared in accordance with the COGEH Handbook.

Canadian Dollars and GAAP

Dollar amounts are presented in Canadian dollars, except where otherwise indicated. Unless otherwise indicated, the financial information is set out in accordance with Canadian GAAP which may differ from U.S. GAAP. See the notes to Talisman's Annual Consolidated Financial Statements for the significant differences between Canadian and U.S. GAAP.

Non-GAAP Financial Measures

Included in this presentation are references to financial measures used in the oil and gas industry such as free cash flow and ROACE. These terms are not defined by GAAP in either Canada or the U.S. Consequently, these are referred to as non-GAAP measures. Talisman's reported results of free cash flow and ROACE may not be comparable to similarly titled measures reported by other companies. ROACE (return on average capital employed) is used to measure returns realized by the Company on capital employed and is calculated for each region by dividing normalized after-tax income by average capital employed. Free cash flow is disclosed for the North Sea, Norway and Southeast Asia. Free cash flow is used by management to measure the underlying cash generating ability of these segments. Free cash flow represents net income before exploration costs, DD&A, future taxes and other non-cash expenses less capital expenditures before acquisitions.

Reserves and Resources Estimates

SE Asia:

HSD/HST: 1P 0 mmmboe; 2P 31 mmmboe

PM-3 CAA: 1P 88 mmmboe; 2P 161 mmmboe

Kitan: 1P 5.1 mmmboe; 2P 8.5 mmmboe

South Sumatra Core: 1P 285 mmmboe; 2P 413 mmmboe

PM-3 IOR Phase 1: 1P 3 mmmboe; 2P 10 mmmboe

Papua New Guinea: 1C 0.3 tcf (gross); 2C 0.6 tcf (gross); 3C 1.5 tcf (gross)

Makassar Strait - 15 tcf prospective resource estimate calculated on a gross basis

UK and Norway:

Auk North Subsea Tieback: 1P 16 mmmboe; 2P 21 mmmboe

Auk South Redevelopment: 1P 24 mmmboe; 2P 36 mmmboe

Montrose/Arbroath Area Redevelopment: 1P 0 mmmboe; 2P 38 mmmboe; 3P 96 mmmboe

Gyda future developments: 1P 1.9 mmmboe; 2P 7.8 mmmboe

Halley/Appleton - unrisked prospective resource numbers represent low, best and high estimates

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