

PETRONAS AWARDS TALISMAN ENERGY THE KINABALU OIL PSC
Investment to increase production and oil recovery

Calgary, Alberta, May 28, 2012 – Petroliaam Nasional Berhad (PETRONAS), the national oil company of Malaysia, has formally awarded Talisman Malaysia Limited (Talisman Energy, TSX:TLM, NYSE:TLM)) and PETRONAS Carigali Sdn. Bhd. (PETRONAS Carigali) a new production sharing contract (PSC) for the continuing production, further development and improved recovery of crude oil from the Kinabalu oil fields, which comprise the Kinabalu Main, Kinabalu East and Kinabalu Far East fields, offshore Sabah (“Kinabalu Oil Fieds”). The Kinabalu Oil Fields have a number of producing mature fields, with significant development upside.

“We appreciate PETRONAS’ vote of confidence and we are very excited about this opportunity,” said Paul Blakeley, Talisman’s Executive Vice-President of International Operations East. “Talisman has a proven track record of growing production and extending the life of mature fields, and the Kinabalu Oil Fields give us the opportunity to demonstrate this in Malaysia. The PSC is also adjacent to the Talisman operated Sabah exploration block, which provides additional upside in the region.”

This new PSC is the first of a new “progressive volume-based” (PVB) PSC to be awarded by PETRONAS. The PVB PSC was specifically designed to incentivize contractors to improve oil recovery and increase production from mature oil fields.

Talisman and PETRONAS Carigali plan to invest over US\$1 billion to increase oil recovery and production over the life of the PSC. This will add to the list of fields in Malaysia where improved oil recovery techniques are being used to increase both production and reserves. Talisman will hold a 60% working interest and operate; PETRONAS Carigali will hold the remaining 40%.

Ron Aston, Vice-President and Country Manager for Talisman Malaysia, noted the opportunities this new asset will present for Talisman’s employees and contractors. “This PSC will allow Talisman to offer new opportunities for career growth to our existing Malaysian staff, many of whom have gained world-class experience on Talisman’s existing assets in Peninsular Malaysia. At the same time, development and production of the Kinabalu Oil Fields offers opportunities for new jobs and new suppliers in Sabah, Labuan and across Malaysia.”

The Kinabalu Oil Fields are currently operated by Shell, with the current PSC expiring in late December 2012. All participants are working together to ensure a safe, successful transition.

Talisman Energy Inc. is a global, diversified, upstream oil and gas company, headquartered in Canada. Talisman’s three main operating areas are North America, the North Sea and Southeast Asia. The company also has a portfolio of international exploration opportunities. Talisman is committed to conducting business safely, in a socially and environmentally responsible manner, and is included in the Dow Jones Sustainability (North America) Index. Talisman is listed on the Toronto and New York Stock Exchanges under the symbol TLM. Please visit our website at www.talisman-energy.com.

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Advisories

This news release 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 oil recovery and production growth; expected capital expenditure; and other expectations, beliefs, plans, goals, objectives, assumptions, information and statements about possible future events, conditions, results of operations or performance. The factors or assumptions on which the forward-looking information is based include: projected capital investment levels; the flexibility of capital spending plans and the associated sources of funding; the continuation of tax, royalty and regulatory regimes; commodity price and cost assumptions; and other risks and uncertainties described in the filings made by Talisman Energy Inc. (the “company”) with securities regulatory authorities. The company believes the material factors, expectations and assumptions reflected in the forward-looking information are reasonable but no assurance can be given that these factors, expectations and assumptions will prove to be correct.

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 the company and described in the forward-looking information contained in this news release. 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; the uncertainty of reserves life and underlying reservoir risk; the uncertainty of estimates and projections relating to production; potential delays or changes in plans with respect to capital expenditures; 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); and the possibility that government policies or laws may change or governmental approvals may be delayed or withheld. 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 the company’s most recent Annual Information Form. 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.