TransAlta Corporation

First Quarter 2019 Results

Tuesday, May 14, 2019

Forward Looking Statements

This presentation includes forward-looking statements or information (collectively referred to herein as "forward-looking statements") within the meaning of applicable securities legislation. All forward-looking statements are based on our beliefs as well as assumptions based on available information and on management's experience and perception of historical trends, current conditions, and expected future developments, as well as other factors deemed appropriate in the circumstances. Forward-looking statements are not facts, but only predictions and generally can be identified by the use of statements that include phrases such as "may", "will", "can", "believe", "expect", "anticipate", "intend", "plan", "project", "forecast", "foresee", "potential", "enable", "continue", or other comparable terminology. These statements are not guarantees of our future performance and are subject to risks, uncertainties, and other important factors that could cause actual results or outcomes to be materially different from those set forth in the forward-looking statements. In particular, this presentation includes forward-looking statements pertaining to, among other things: our business and strategy, including our strategy pertaining to the coal-to-gas conversions and the potential for a "hybrid" conversion; returning capital to shareholders through buy-backs; allocating capital to growth at TransAlta Renewables; timing, size and capital costs of projects under construction, including as it pertains to Big Level, Antrim, Windrise and Skookumchuk; the potential drop-down of assets to TransAlta Renewables, including Windrise and Skookumchuk; the closing of the acquisition of the Skookumchuk wind project; contributions to EBITDA from 2019 to 2020 from the Pioneer Pipeline, Skookumchuck, Windrise, Big Level and Antrim; capital investment of approximately $850 million in growth projects; sources and uses of capital between 2019 and 2021, including amounts allocated to sustaining capital expenditures, coal-to-gas conversions and share buybacks and general corporate purposes; the strategic partnership with Brookfield and the benefits thereof; the continued growth in TransAlta Renewables; and the lower cost of capital for TransAlta Renewables. The material factors and assumptions used in the preparation of the forward-looking statements contained herein, which may prove to be incorrect, include, but are not limited to, the Company's ability to successfully defend against any existing or potential legal actions or regulatory proceedings, including by Mangrove Partners; the closing of the second tranche of the Brookfield investment occurring and other risks to the Brookfield investment not materializing; no significant changes to regulatory, securities, credit or market environments; the anticipated Alberta capacity market framework in the future; the Alberta hydro assets achieving their anticipated future value, cash flows and adjusted EBITDA; the anticipated benefits and financial results generated on the coal-to-gas conversions and the Company's other growth strategies; assumptions contained in our guidance from the press release dated December 17, 2018; and the assumptions set forth herein and in management's discussion and analysis and the Company's annual information form dated as of February 26, 2019.

These statements are subject to a number of risks and uncertainties that may cause actual results to differ materially from those contemplated by the forward-looking statements. Some of the factors that could cause such differences include: the failure of the second tranche of the Brookfield investment to close; the outcomes of existing or potential legal actions or regulatory proceedings not being as anticipated, including those pertaining to the Brookfield investment; changes in our relationships with Brookfield and its affiliated entities or our other shareholders; our Alberta hydro assets not achieving their anticipated value, cash flows or adjusted EBITDA; the Brookfield investment not resulting in the expected benefits for the Company and its shareholders; the inability to complete share buy-backs within the timeline or on the terms anticipated or at all; fluctuations in demand, market prices and the availability of fuel supplies required to generate electricity; changes in the current or anticipated legislative, regulatory and political environments in the jurisdictions in which we operate; environmental requirements and changes in, or liabilities under, these requirements; operational risks involving our facilities; changes in market prices where we operate; unplanned outages at generating facilities and the capital investments required; equipment failure and our ability to carry out repairs in a cost effective and timely manner; the effects of weather; disruptions in the source of fuels, water or wind required to operate our facilities; energy trading risks; failure to obtain necessary regulatory approvals in a timely fashion; negative impact to our credit ratings; legislative or regulatory developments and their impacts, including as it pertains to the capacity market being developed in Alberta; increasingly stringent environmental requirements and their impacts; increased competition; global capital markets activity (including our ability to access financing at a reasonable cost); changes in prevailing interest rates; currency exchange rates; inflation levels and commodity prices; general economic conditions in the geographic areas where TransAlta operates; and other risks and uncertainties discussed in the Company's materials filed with the Canadian securities regulatory authorities from time to time and as also set forth in the Company's MD&A and Annual Information Form for the year ended December 31, 2018. In light of these risks, uncertainties, and assumptions, the forward-looking events might occur to a different extent or at a different time than we have described, or might not occur at all. We cannot assure readers that projected results or events will be achieved. Readers are urged to consider these factors carefully in evaluating the forward-looking statements and are cautioned not to place undue reliance on these forward-looking statements. The forward-looking statements included in this document are made only as of the date hereof and we do not undertake to publicly update these forward-looking statements to reflect new information, future events or otherwise, except as required by applicable laws. Certain financial information contained in this presentation, including EBITDA, FFO and FCF, may not be standard measures defined under International Financial Reporting Standards ("IFRS") and may not be comparable to similar measures presented by other entities. These measures should not be considered in isolation or as a substitute for measures prepared in accordance with IFRS. For further information on non-IFRS financial measures we use, see our most recently filed Management's Discussion and Analysis, filed with Canadian securities regulators on www.sedar.com and the Securities and Exchange Commission on www.edgar.com.

Agenda

CEO Update

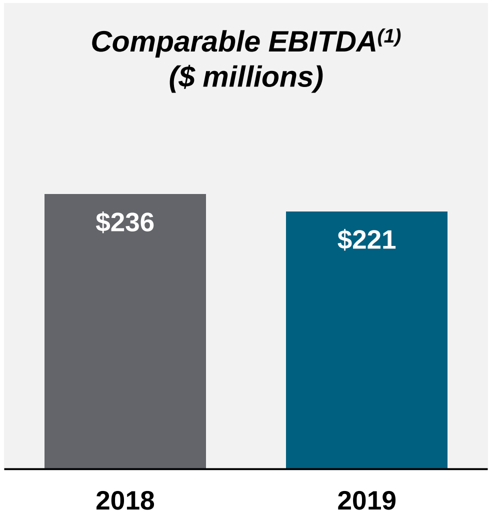
Growth Projects

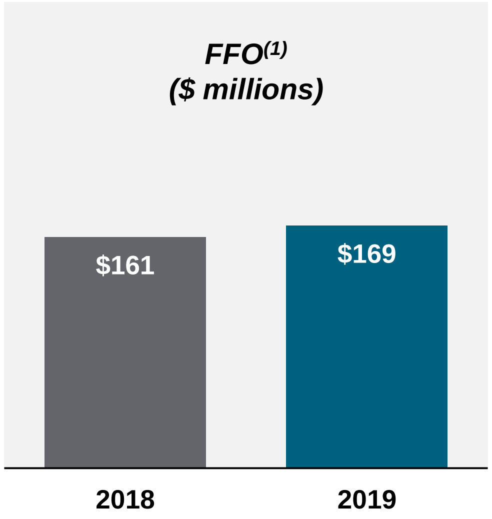
First Quarter 2019 Highlights

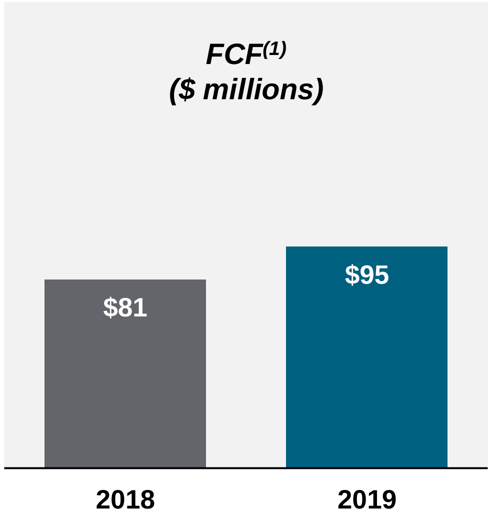
Capital Allocation

Questions and Answers

Financial Highlights – Three Months Ended March 31, 2019







- Strong operational and financial performance
- Accelerating coal to gas conversions and evaluating hybrid option
- Targeting the high end of our 2019 FCF guidance ($270M - $330M)

(1) Adjusted to exclude the $157 million received during the first quarter of 2018 related to the Sundance B and C PPA termination payment.

Current Development Projects For TA and RNW

Big Level - 90 MW
Pennsylvania project

- 15-year PPA with Microsoft
- Capital cost of ~US$175 million
- Commercial operation expected in Q3 2019
- Funded in TransAlta Renewables

Antrim - 29 MW
New Hampshire project

- 20-year PPAs with Partners HealthCare (75%) and New Hampshire Electric Cooperative (25%)
- Capital cost of ~US$75 million
- Commercial operation expected in Q3 2019
- Funded in TransAlta Renewables

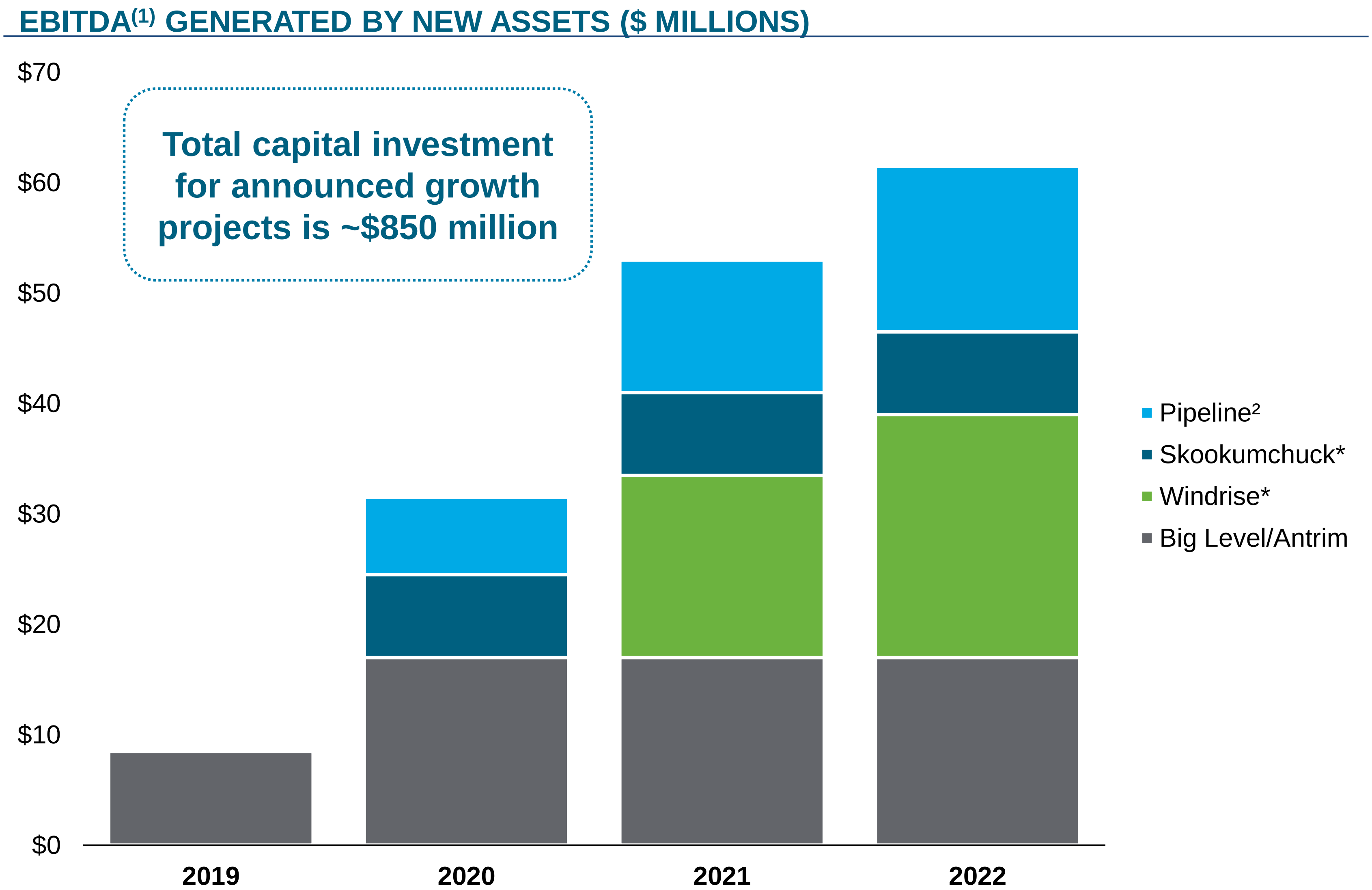
Windrise - 207 MW
Alberta REP project

- 20-year contract with the AESO
- Capital cost of ~$270 million
- Commercial operation expected in Q2 2021
- Potential drop-down asset to TransAlta Renewables

Skookumchuck – Net 67 MW
Washington project

- 49% interest in the project
- 20-year PPA with an investment grade counterparty
- Capital cost of ~US$120 million
- Commercial operation expected in December 2019
- Potential drop-down asset to TransAlta Renewables

Growth Projects EBITDA



(1) *Excludes tax equity Production Tax Credits (PTC).*

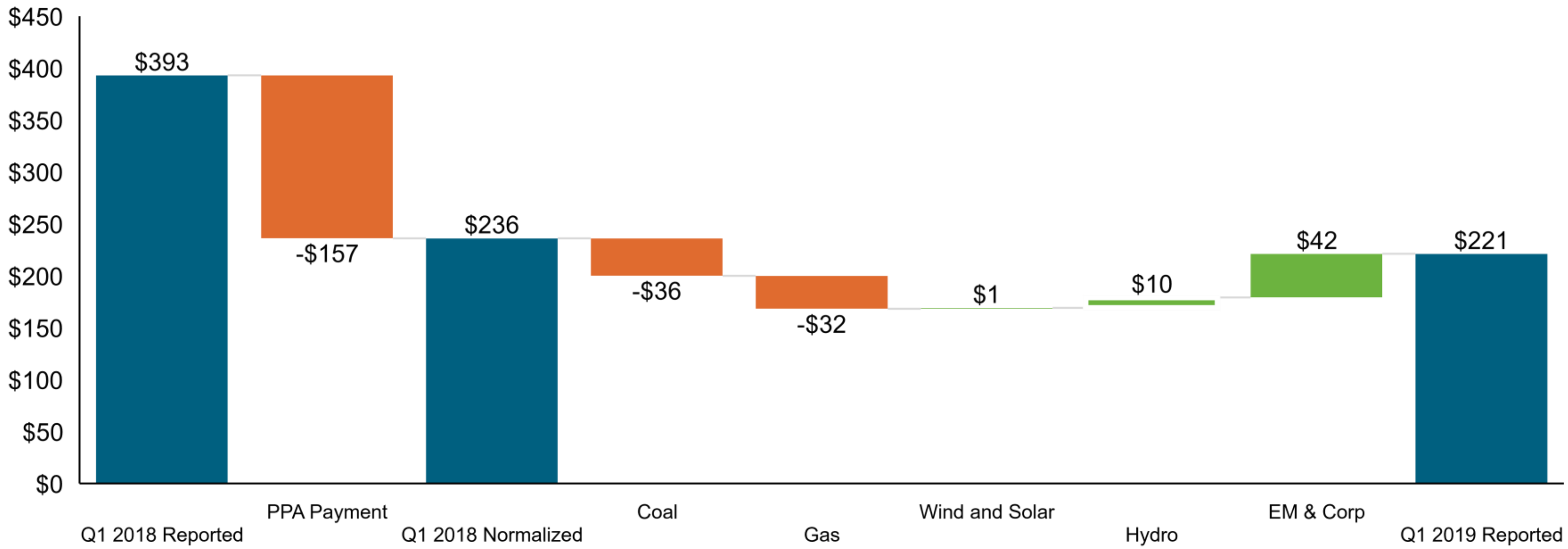
(2) *Pipeline EBITDA subject to throughput volumes*

* *Windrise and Skookumchuck are potential drop-down candidates to TransAlta Renewables*

First Quarter 2019 Highlights

(in $CAD millions)	3 Months Ended March 31	
	2019	2018
Comparable EBITDA[1,2]	**$221**	$236
FFO[1]	**$169**	$161
FCF[1]	**$95**	$81
Adjusted Availability[3]	**89.4%**	93.9%

FIRST QUARTER 2019 EBITDA ($MILLIONS)

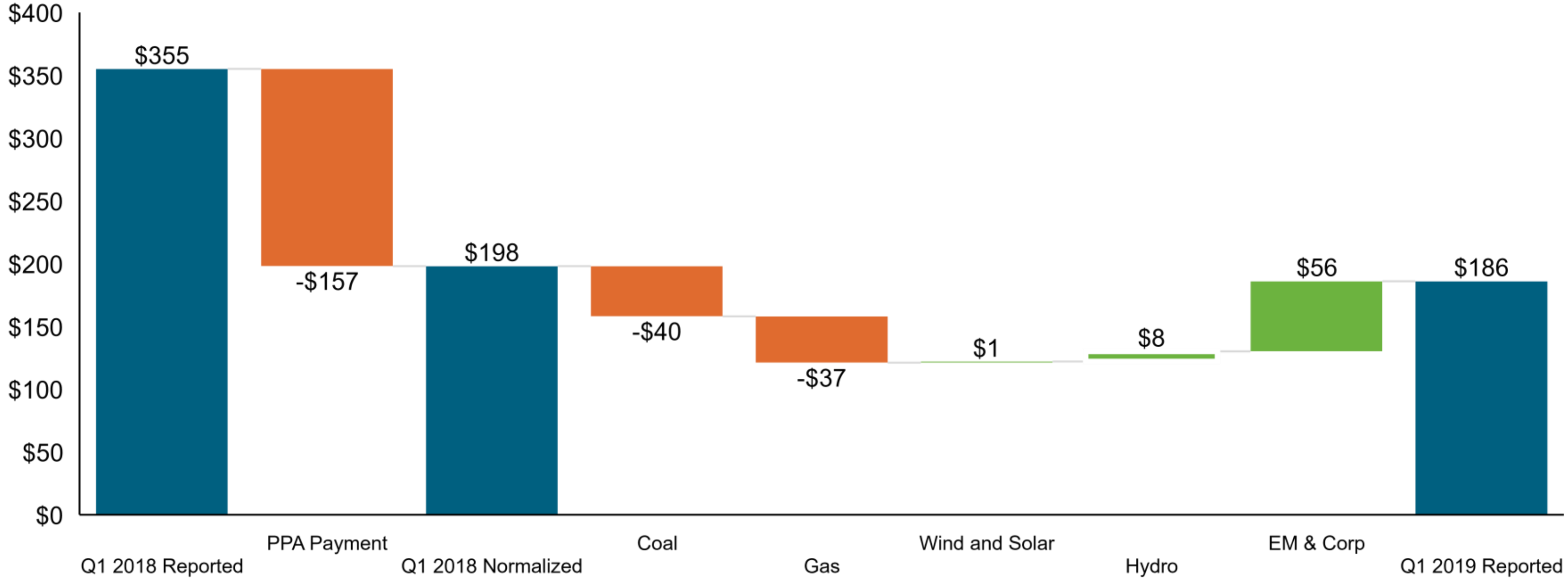


(1) *Excludes the $157 million received during the first quarter of 2018 related to the Sundance B and C termination payment.*
(2) *During the first quarter of 2019, we revised our approach to reporting adjustments to arrive at comparable EBITDA, mainly to be more comparable with other companies in the industry. Comparable EBITDA is now adjusted to exclude the impact of unrealized mark-to-market gains or losses. Both the current and prior period amounts have been adjusted to reflect this change.*
(3) *Adjusted for economic dispatching at U.S. Coal.*

Cash Flow by Business Bridge

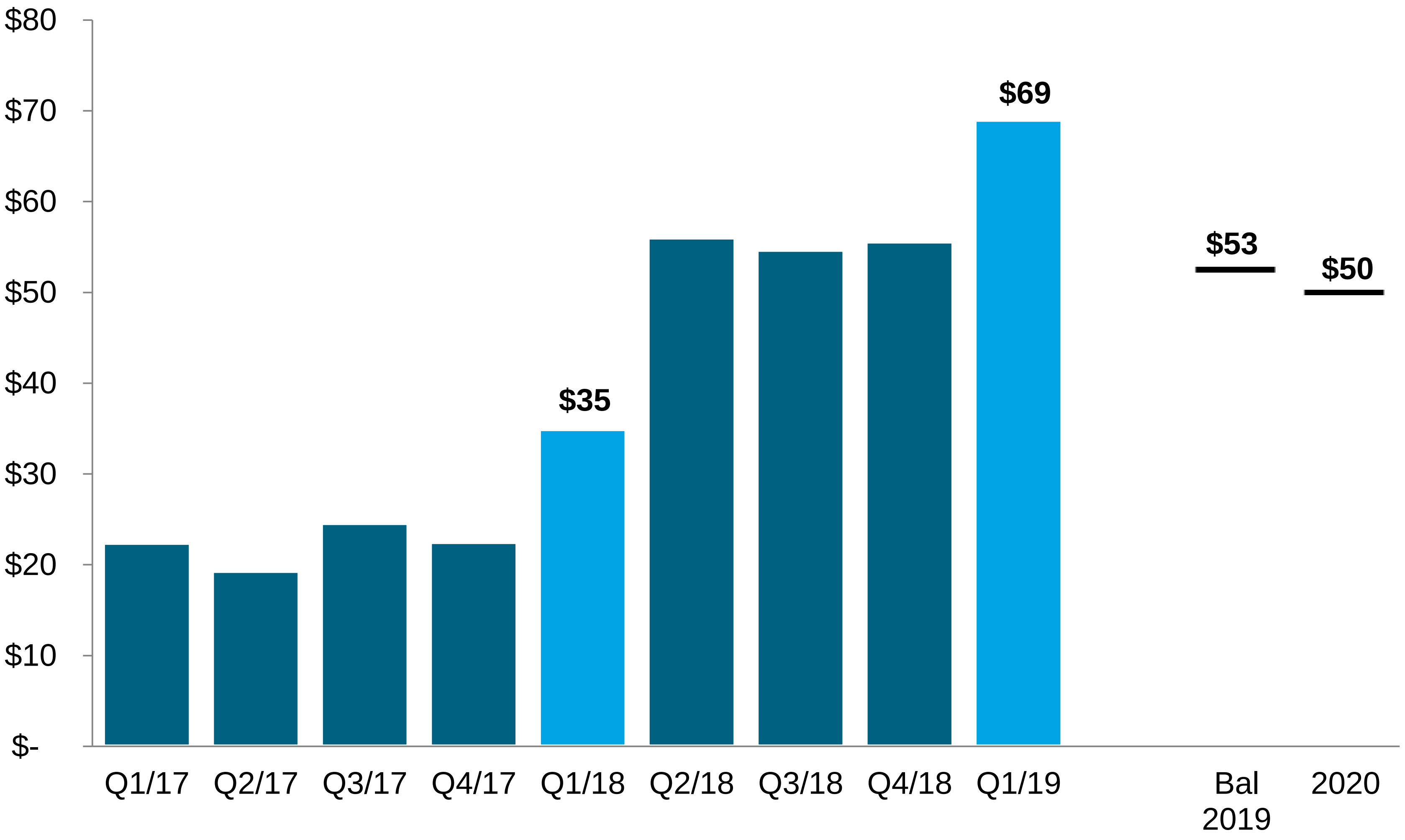
- US Coal lower due to one-time event caused by one of the units being unavailable during unprecedented market conditions
- Canadian Gas lower as expected due to the Mississauga contract ending Dec 31, 2018 and lower scheduled payments from the Poplar Creek finance lease
- Losses were mostly offset by strong performance from Energy Marketing and lower corporate costs

FIRST QUARTER 2019 CASH FLOWS BY BUSINESS ($MILLIONS)



Alberta Electricity Prices

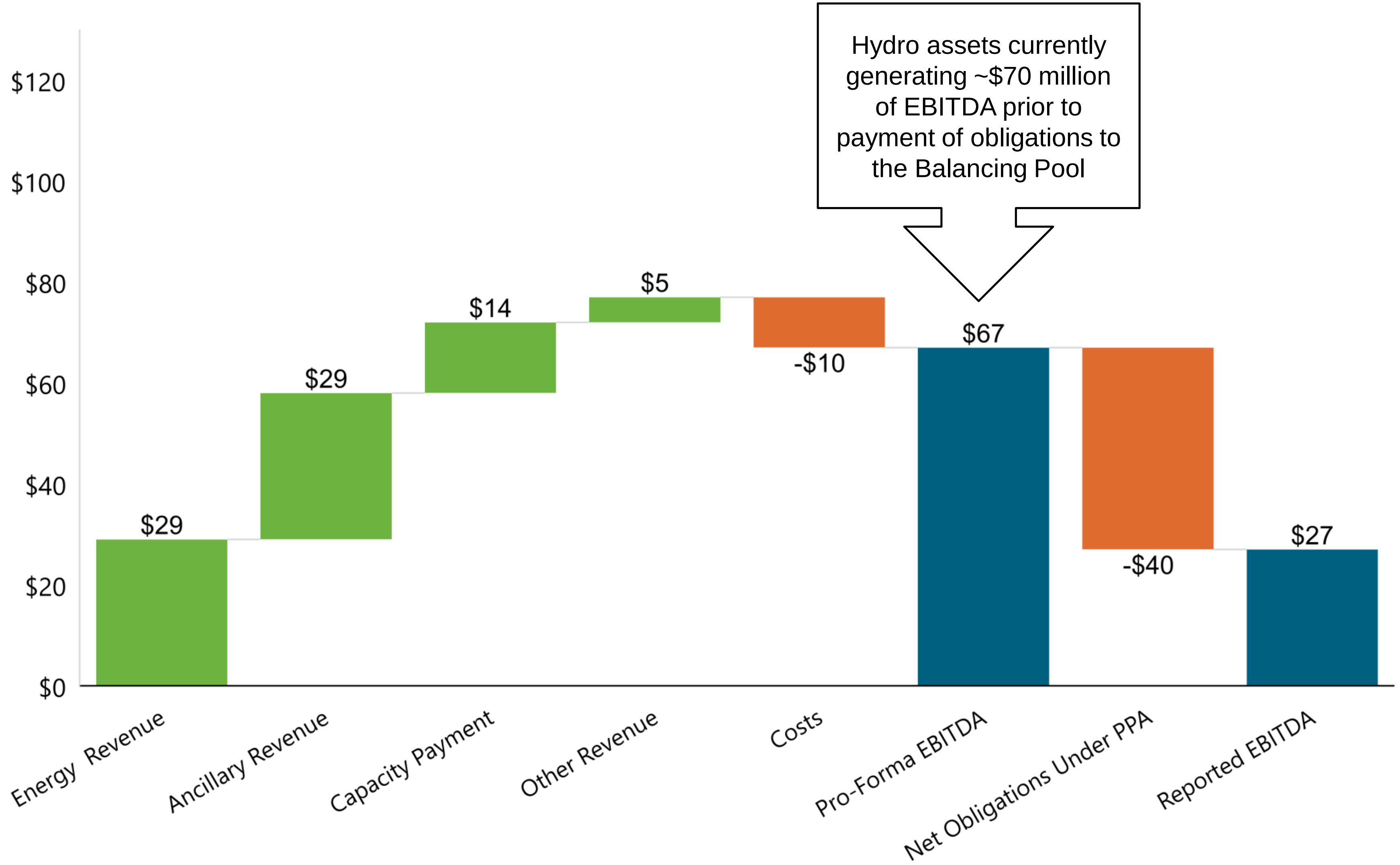
ALBERTA POOL PRICE AND FORWARD CURVE ($/MWH)



Notes: Forward curve as at May 2, 2019

EBITDA Currently Generated by TransAlta Hydro

Q1 2019 HYDRO BRIDGE ($ MILLIONS)



Assumptions: Other Revenue includes revenues from other hydro assets, transmission assets, and other services provided by the hydro facilities.

Executing on Strategy

Coal to Gas Conversions

- Deploying capital in existing assets to extend life and increase capacity
- Coal to gas conversions on track - first outage in 2020
- Evaluating hybrid option
- Pioneer pipeline is ahead of schedule – COD expected Q2 2019

Hydro

- Strategic partnership with Brookfield adds extensive operating expertise
- Significant upside potential post PPA expiry (2021+)
- Continues to be a key asset for TransAlta

Grow TransAlta Renewables

- Continue to diversify and grow contracted asset base
- Develop existing and potential drop-down projects
- RNW's lower cost of capital and debt capacity support further growth

Question and Answer

TransAlta™ CLEAN POWER