TransAlta Corporation

Second Quarter 2019 Results

Friday, August 9, 2019

TransAlta™ CLEAN POWER

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; the current development projects, including the timing of commercial operation and associated capital costs; the acquisition of the Skookumchuck wind project; the potential drop-down of the Windrise and Skookumchuck projects to TransAlta Renewables; the anticipated EBITDA to be from generated from new growth projects between 2019 and 2022; electricity prices in Alberta; ability to achieve upper end of free cash flow guidance; and the strategic partnership with Brookfield. 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; the closing of the second tranche of the Brookfield investment occurring; no significant changes to regulatory, securities, credit or market environments; the Alberta hydro assets achieving their anticipated future value; the anticipated benefits and financial results generated on the coal-to-gas conversions and the Company's other growth strategies; assumptions contained in our previously released guidance; 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; delays in construction; 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; 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

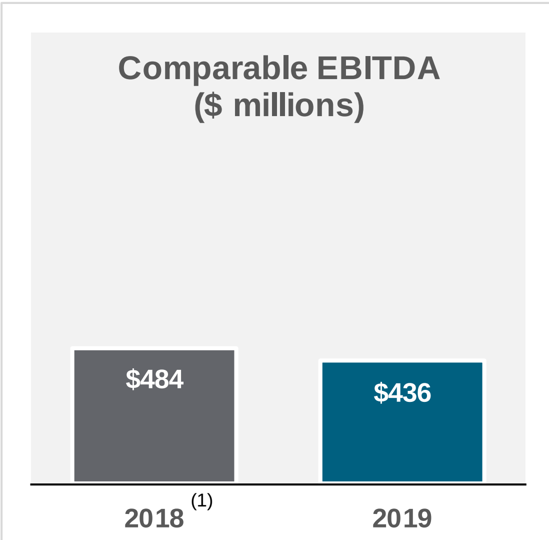
CEO Update

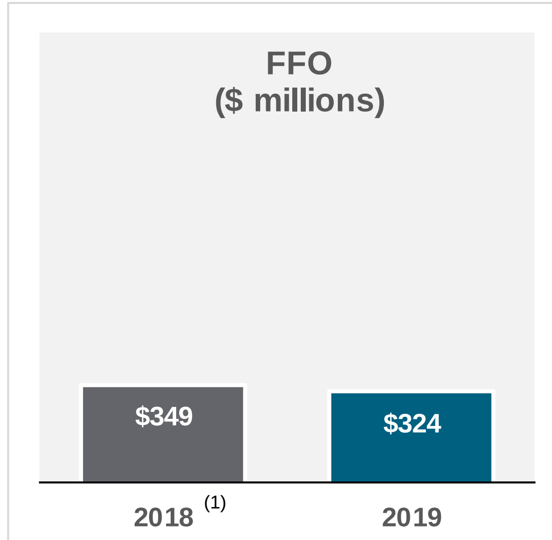
Growth Projects

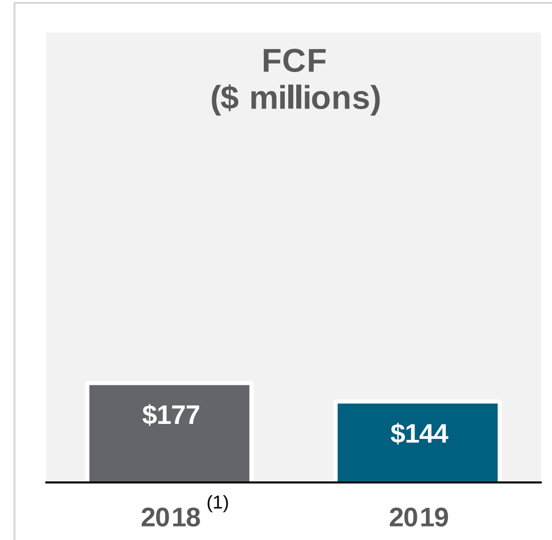
Second Quarter 2019 Highlights

Questions and Answers

Key Highlights – Six Months Ended June 30, 2019







- Accelerating coal to gas conversions and evaluating hybrid option
  - First gas on Pioneer Pipeline four months ahead of schedule
  - Final notice to proceed on Sundance 6

- Issued $350 million -first tranche of strategic investment by Brookfield

[1] 2018 results have been adjusted to remove the one-time receipt of $157 million received from the Balancing Pool for the early termination of the Sundance B and C Power Purchase Arrangements received in the first quarter of 2018

Current Development Projects For TA and RNW

Big Level - 90 MW
Pennsylvania project

- 15-year PPA with Microsoft
- Capital cost of ~US$178 million
- Commercial operation expected in Q4 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$81 million
- Commercial operation expected in Q3 2019
- Funded in TransAlta Renewables

Windrise - 207 MW
Alberta REP project

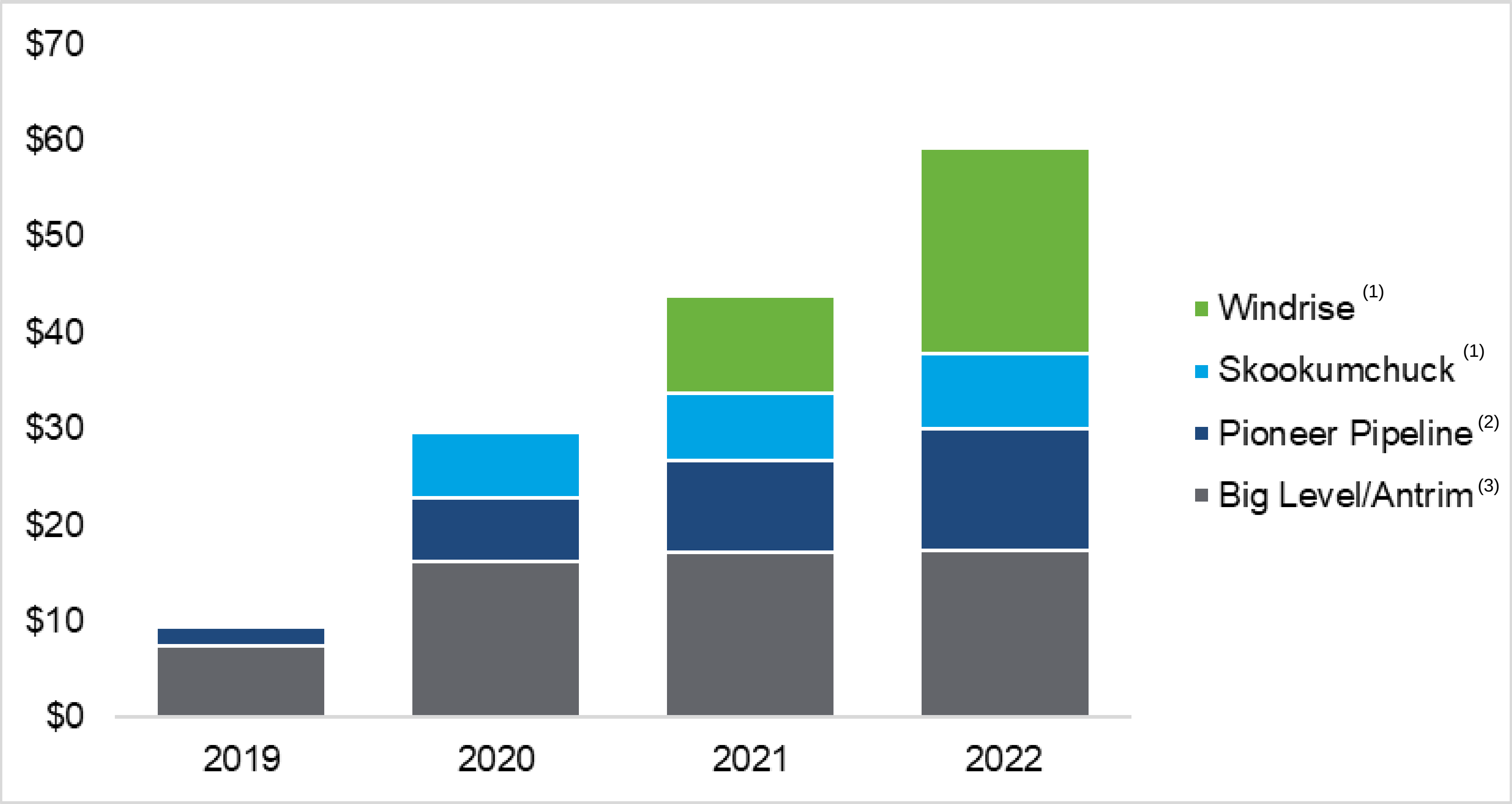
- 20-year contract with the AESO
- Capital cost of ~$270 million
- Commercial operation expected in Q2 2021
- Potential drop-down asset to TransAlta Renewables

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 late December 2019 or Q1 2020
- Potential drop-down asset to TransAlta Renewables

Growth Projects EBITDA

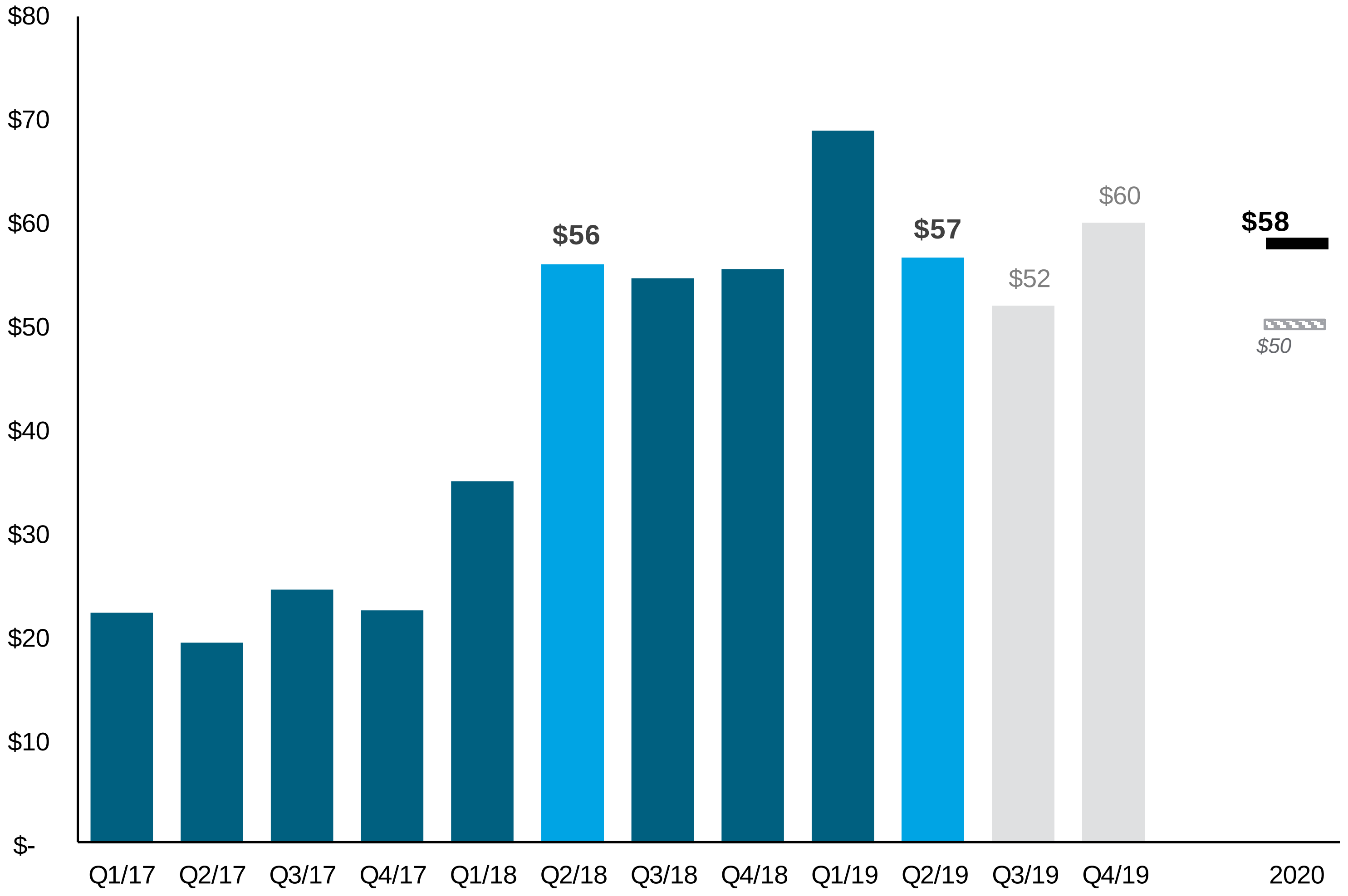
EBITDA GENERATED BY NEW ASSETS ($ MILLIONS)



(1) *Windrise and Skookumchuck are potential drop-down candidates to TransAlta Renewables*
(2) *Pioneer Pipeline EBITDA subject to throughput volumes*
(3) *Antrim / Big Level EBITDA excludes tax equity Production Tax Credits (PTCs)*

Alberta Electricity Prices

ALBERTA POOL PRICE AND FORWARD CURVE ($/MWH)

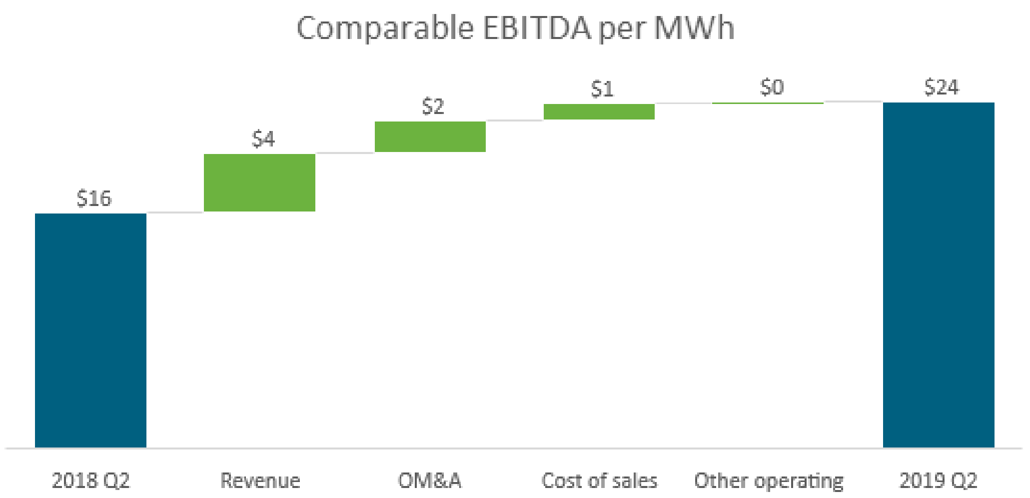


Current forward curve as at August 7, 2019 (Bal 2019 - $56; 2020 - $58)
Prior forward curve as at May 2, 2019 from 2019 Q1 presentation (Bal 2019 $53; 2020 - $50)

EBITDA Generated by Canadian Coal

SECOND QUARTER 2019 CANADIAN COAL ($/MWH)

- Production was lower than 2018 Q2 due to planned maintenance
- Comparable EBITDA was higher than 2018 Q2 due to:
  - Higher revenue per MWh
  - Lower cost of sales per MWh
  - Lower OM&A per MWh

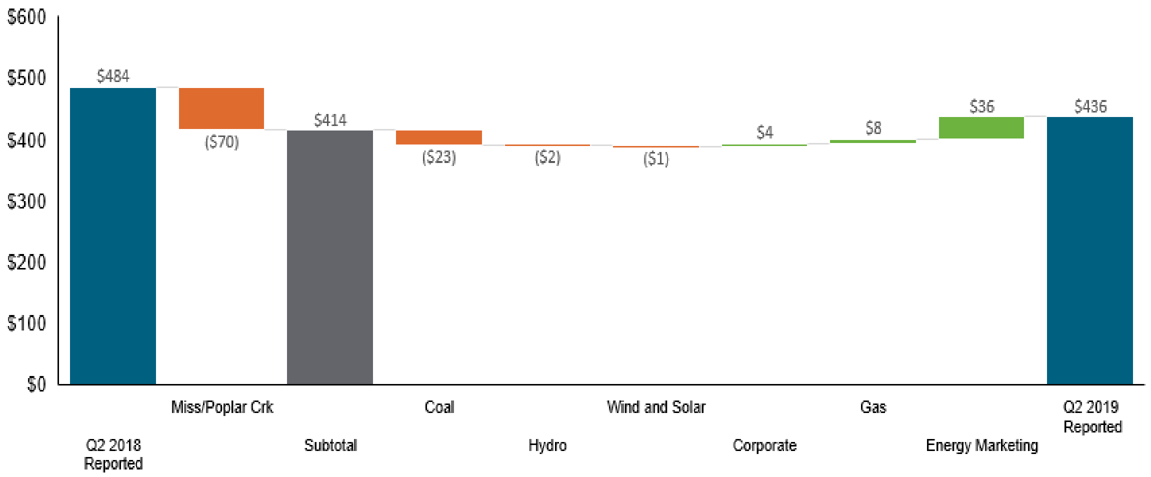


	2019 Q2	2018 Q2	Var.
Total Production (GWh)	**2,789**	2,923	(134)
Comparable EBITDA ($ millions)	**66**	47	19
	$ per MWh		**Var.**
Revenue	**67**	63	4
Fuel, carbon costs, and purchased power	**(33)**	(34)	1
Gross Margin	**34**	29	5
Operations, maintenance, and admin	**(13)**	(15)	2
Taxes other than income taxes	**(1)**	(1)	(0)
Other operating income	**4**	3	0
Comparable EBITDA per MWh	**24**	16	8

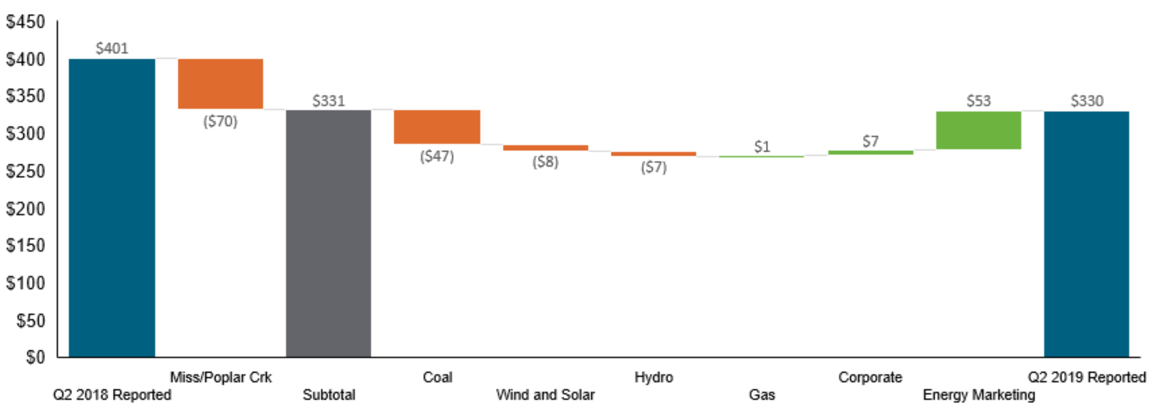
Year to Date Trend

- EBITDA and segment cash flows in line with expectations
- Strong performance from Energy Marketing and Canadian Coal

6 MONTHS 2019 EBITDA [1][2] ($MILLIONS)



6 MONTHS 2019 SEGMENT CASH FLOWS[2] ($MILLIONS)

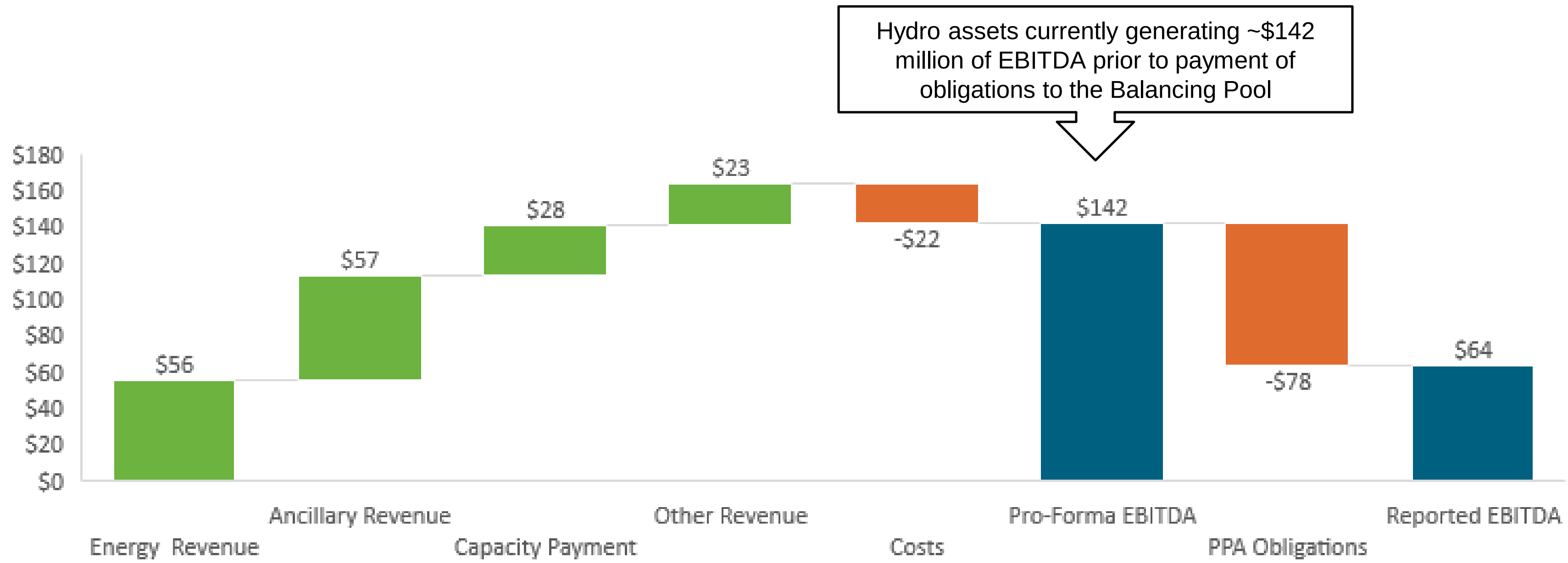


(1) During the first quarter of 2019, we revised our approach to reporting adjustments to arrive at comparable EBITDA, mainly to be more comparable with other companies in the industry. Comparable EBITDA is now adjusted to exclude the impact of unrealized mark-to-market gains or losses. Both the current and prior period amounts have been adjusted to reflect this change

(2) 2018 Comparable EBITDA excludes the PPA settlement of $157 million

EBITDA Generated by TransAlta Hydro

6 MONTHS 2019 HYDRO ($ MILLIONS)



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

Second Quarter 2019 Highlights

(in $CAD millions)	3 Months Ended June 30		6 Months Ended June 30	
	2019	2018	**2019**	2018
Revenues	**$497**	$446	**$1,145**	$1,034
Comparable EBITDA(1)(2)	**$215**	$248	**$436**	$484
FFO (2)	**$155**	$188	**$324**	$349
FCF (2)	**$49**	$96	**$144**	$177
Adjusted Availability(3)	**83.8%**	85.8%	**86.7%**	90.1%

- Overall performance in line with expectation
- Increased major maintenance completed in 2019
- On track to achieve upper end of FCF guidance of $270 - $330 million

(1) 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

(2) 2018 Comparable EBITDA, FFO and FCF excluding the PPA settlement of $157 million

(3) Adjusted for economic dispatching at U.S. Coal

Question and Answer

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