

**TRANSALTA RENEWABLES
ANNUAL GENERAL MEETING**

**MAY 10, 2018
10:00 a.m.**

AH: Let's bring the meeting to order. Good morning. On behalf of the Board of Directors, it's my pleasure to welcome you to the Annual Meeting of Shareholders of TransAlta Renewables. The Board and Management very much appreciate your attendance here today. My name is Allen Hagerman and as Chair of the Board, I will act as Chair of the meeting this morning.

Our Corporate Secretary, Scott Jeffers, is seated at the end of the table there. He will act as Secretary of the meeting. I'd also like to introduce John Kousinioris. John is the President of TransAlta Renewables.

As our meeting is being webcast live, we welcome those joining us in our internet broadcast audience. Also, welcome those of you who are not shareholders to this meeting, but I remind you that only shareholders or proxy holders who are owners of TransAlta Renewables common shares, as of the close of business on March 26, 2018, are entitled to vote or take an active part in the formal business of the meeting. Should you wish to speak during the meeting, I would ask you that you identify whether you are a shareholder or a proxy holder and state your name. And if a proxy holder, please also state the name of the shareholder you are representing.

At the end of the formal business of the meeting, Mr. Kousinioris will present to you the President's Report. Following his presentation, there will be an opportunity for questions.

Before I call the meeting to order, I would like to ensure that everyone is familiar with the location of the emergency exits, should these be required. There are exits on the east side of the room. In case of emergency, please proceed calmly to the nearest exits, and I'd ask that you also please turn off or silence any electronic devices so they do not disrupt the meeting.

I now call the TransAlta Renewables Annual Meeting of Shareholders to order. We will first go through the formal parts of the meeting. Gloria Gherasim and Robert Inkster of AST Trust Company Canada, our transfer agent, are in attendance today, and I appoint them to act as scrutineers for the meeting. I would also hereby ask Mr. Jeffers to file with records of this meeting the proof of service and notice of this meeting, which were mailed on April 10, 2018 to beneficial and registered shareholders of record as of March 26, 2018.

The scrutineers have provided me with the preliminary report on attendance and the count indicates that 58 shareholders are present in person and by proxy, representing approximately 80% of the common shares of standing. I therefore declare that a quorum is present and that this meeting is properly constituted for

the transaction of business. A copy of the scrutineers' report will be filed with the records of this meeting.

In order to have the meeting move smoothly, we have asked a number of TransAlta employees, who are also shareholders, to move and second the motions to put before the meeting. If you would like a discussion on a motion before the vote, please raise your hand and identify whether you're a proxy holder or shareholder, and please state the name of the holder, the name of the shareholder you're representing, if you are a proxy holder.

Starting with the minutes of the last Annual Meeting of Shareholders, which was held on May 4, 2017, I declare that the minutes have been verified and signed and are filed in the Corporation's Minute Book. Anyone wishing a copy of the minutes may pick one up from the table located at the back of this meeting room.

The Annual Consolidated Statements of the Corporation and the Auditor's Report are contained at the front of our Annual Report, were mailed to shareholders together with the notice of this meeting. Copies are available on the table at the back of the meeting room and I request the Secretary to file a copy of the Annual Report with the records of this meeting. Janice Rath, representative of Ernst and Young, LLP, the auditors of the Corporation, is available at this meeting to answer questions during the general question period.

The next item of business is the election of Directors. The Board has set the number of Directors to be elected at this meeting at six. We are satisfied that this number of Directors is appropriate and provides a significant range and depth of expertise to meet corporate governance requirements.

I'd like to introduce the Directors standing for election to the Board. Their detailed biographies are included in our Proxy Circular and I'll not review them today. I do note that each Director nominee has extensive experience and qualifications with varied skills, expertise, and backgrounds. It is my view that you have a strong Board that has provided excellent oversight.

I'll ask that each Director stand when I call his or her name. David W. Drinkwater. David is an independent member of the Board and on the Audit and Nominating Committee. Brett M. Gellner. Brett is the Chief Investment Officer and the Interim Chief Financial Officer of TransAlta Corporation. John Kousinioris. John is the President of TransAlta Renewable and is also the Chief Legal and Compliance Officer and Corporate Secretary of TransAlta Corporation. Kathryn B. McQuade. Kathryn is an independent member of the Board and is Chair of the Audit and Nominating Committee. Paul H.E. Taylor. Paul was previously the President of TransAlta Corporation's US operations. I'm Allen Hagerman. I'm an independent Director, Chair of the Board, and a member of the Audit and Nominating Committee. These are the individuals proposed for election at this meeting.

I would now like to open the meeting for the nomination of Directors to serve for the following year.

KV: My name is Keira Valentini. I am a shareholder and I nominate David W. Drinkwater, Brett M. Gellner, John H. Kousinioris, Kathryn B. McQuade, Paul H.E. Taylor, Allen R. Hagerman to be elected as Directors of the Corporation, to hold office until the next Annual Meeting of the Shareholders, or until their successors are elected or appointed.

AH: Thanks, Keira. Is there a discussion on this motion? As there is no discussion, we will continue with the meeting. I request a motion that the nominations be closed.

AM: My name is Alex McNichol. I'm a shareholder and I so move.

TS: My name is Todd Stack. I'm a shareholder and I second the motion.

AH: Thank you, Alex and Todd. All in favour? Contrary, if any? I declare the nominations closed. Since the number of nominees does not exceed the number of Directors to be elected by the shareholders, I request a motion that the nominees be elected as Directors of the Corporation, to hold office until their next Annual Meeting of Shareholders, or until their successors are elected or appointed.

AM: My name is Alex McNichol. I'm a shareholder and I so move.

AH: Is there discussion on this motion? As there is no discussion, we will continue with the meeting. My I have a seconder for the motion before the meeting?

TS: My name is Todd Stack. I'm a shareholder and I second the motion.

AH: Thank you, Alex and Todd. All in favour? Contrary or opposed, if any? I declare the motion carried.

The next item of business is the appointment of the auditors. I request a motion that Ernst and Young, LLP be appointed Auditors of the Corporation to hold office until the close of the next Annual Meeting of Shareholders at such remuneration as shall be fixed by the Board of Directors.

KV: My name is Keira Valentini. I am a shareholder, and I so move.

AH: Is there discussion on this motion? Hearing none, may I have a seconder for the motion before the meeting?

AM: My name is Alex McNichol, I'm a shareholder, and I second the motion.

AH: Thank you, Keira and Alex. All in favour? Contrary, if any? I declare the motion carried.

Oh, I'm just getting a scrutineers' report here. Thank you, Gloria. The scrutineers have completed their report on shareholder attendance at the meeting. The count indicates that there are 58 shareholders holding

220,495,163 common shares represented in person or by proxy at the meeting. This represents 80.3% of the 250,512,210 shares issued in outstanding. With the consent of the meeting, I now declare the formal business of the meeting at an end. I now turn the podium over to John Kousinioris for his comments and President's Report.

JK: Good morning, everyone, and nice to see everybody at the Annual General Meeting this morning. I'm just going to provide everybody with just a company update and then we can open it up to questions for everyone. Could I maybe just have the next slide? Thank you. As is customary with these kinds of presentations, just bringing everybody's attention to the fact that there will be forward-looking information that will be discussed at the meeting today and that information does have risks associated with it, and as well, we have some financial information that we'll be talking about that doesn't necessarily accord with gap metrics, and again, we reconcile that information to our gap statements in the financial statements that the company has.

What I'd like to do is really talk primarily about, at least from my perspective, the investment highlights of the company, the investment thesis of the company, and just go through that in a little bit of detail and talk a little bit about the future as we see it. When we think of the company, there is really five major elements of the company that we think make it a compelling investment for our shareholders and for investors generally. One, the company is highly diversified. We have 38 facilities in three different countries, with a variety of different technologies so that diversification and diversity is a real benefit, we think. The company has a highly contracted portfolio. Our average, weighed average life of assets is about 12 years, which also highlights and supports that stability. We have a very strong balance sheet. We established a 500 million dollar credit facility and the company has excellent liquidity and has been able, over the course of the last few years, to raise almost a billion dollars in project financing, which is a healthy position of the company.

We have an excellent track record, I think, of growth in the company. The company did its IPO in mid 2013 and since that time, we've had 2.7 billion dollars of acquisitions and the total shareholder return that we've been able to give since that time has been just under 60 percent, so something that we're very proud of.

And finally, the company does have very strong sponsorship from TransAlta. TransAlta continues to be a significant shareholder of the company and a source of both dropdowns and third party growth opportunities. Could I have the next slide? Thanks.

A little more granular information about the company, just at a glance, just to give a little bit of context. The company has about just under 4 billion dollars of enterprise values. The majority of that is the equity value that we have from our shares, which is just under 3 billion dollars. We did, I think, this morning reiterate and reaffirm our guidance for 2018, so we are expecting our EBTA ranges in 2018 to be in that 400 to 420 million dollar range and our cash available for distribution to be in that 260 to 290 million dollar range. The company's dividend

yield is in that 8% range and, as I mentioned earlier, TransAlta continues to own almost two-thirds of the shares of the company.

On that diversification side on the asset portfolio, as I mentioned, we've got 38 assets scattered between the three different countries. The bulk of the revenue generation and the bulk of the value is in the natural gas and the wind fleet which together are almost 50/50 in terms of the percent of generation and pretty close to the same thing in terms of the cash contribution that they provide to the company, and our hydro assets are important as well.

Over the course of the inception of the company to the present day, we've been able to steadily increase our cash available for distribution that's grown by three times effectively, and I mentioned what we thought the guidance would be for 2018, being broadly in line with where we saw the number ending in 2017, something we've been very proud of in terms of growth.

The other thing that we've been able to do since inception is have very strong dividend growth. As the company has been able to grow on an annualized basis, we've been able to steadily increase the company as we've gone through the various stages of growth, which has provided over the course of time about 6% annual compound growth rate in our dividend rate, which is something that we've been very proud of and has been an important part of the company's progression.

Our share price has also been strong since inception. Recently, it's been a little bit off as a number of companies have been that are more yield oriented, we've seen interest rates go up, and that's had a bit of an impact, but again, it's, when we think of it from a total shareholder return, I think the performance since the IPO has been very, very strong.

I'd like to spend a little bit of time just talking about growth, because I know that it's an important consideration for our shareholders, and I mentioned that we've got a pretty significant track record. In every year, we've had significant transactions that we've been able to do, as are indicated on the slide, and I think the thing that we're most proud of recently is the fact we've been able to secure two wind farms in the United States, one in New Hampshire, one in Pennsylvania, and in addition to our expansion of our Kent Hills Wind Farm, which is something that we're actually actively developing.

I'd like to see the next slide. Just on the two wind farms, again, they're a pretty significant transaction for us. The value of the two in Canadian dollars is roughly 320, 325 million dollars to develop those. The larger of the two, which is our Pennsylvania project, is actually under construction. We've commenced building that facility out. It has an excellent PPA with a highly credit-worthy party and, as I said, it's in early stages of construction. The New Hampshire project has two contracts, which take up just under 30 megawatts that that project has. We're hoping that we'll be able to begin construction of that project in the later part of the summer and have it proceed. It's a smaller project. We're waiting to just

have some of our environmental permitting settled there before we can proceed with that particular project.

Also talking about the future, I think it's just important to just continue to highlight (a) that we've had significant acquisitions that we've been able to do, but also that we're continuously looking at growing the company and adding assets to the company, and I just want to talk about really three things that we're focused on.

We are constantly focused on green field activity. There are government-led procurements that are taking place, both here in the Province of Alberta. There's been a call for 700 megawatts that we're going to be working towards participating in. The Government of Saskatchewan is having a smaller procurement as well, that we're also actively involved in. And long term, we'd see opportunities in the Pacific Northwest, opportunities in Australia, and candidly, other opportunities in other parts of the United States as well, with significant potential additions of renewables in Western Canada in the thousands of megawatts in the future.

With respect to third party acquisitions, the transaction that we recently did in Pennsylvania and New Hampshire really falls into that. It's sort of a hybrid we're developing but it was an acquisition, but we are actively looking at acquisition opportunities throughout North America in the renewables and in the gas, gas infrastructure side of the equation. We believe we have strong balance sheet and a competitive cost to capital that permits us to go out and secure those assets and, you know, we're looking at redeploying, and from our perspective, have essentially redeployed the assets from the Solomon buyback to grow through the investments that we have in the United States.

And then when we look at the future in terms of dropdowns from the United States or from the company, from TransAlta Corporation, we do have 800 megawatts of existing hydro here in the Province of Alberta. We have a significant number of gas-generating fleets that are potential dropdown candidates, additional wind and solar assets in Eastern Canada, just under 100 megawatts, could be another potential candidate for that, and then we've been working hard to bring to market our Brazeau pumped storage project, which is a 2, 2.5 billion dollar project, which would be a contracted project if it went through here in the Province of Alberta and would also be another excellent candidate to be dropped down into TransAlta Renewables.

The one thing that we've been seeing that is also giving us, I think, quite a bit of rise for optimism is just the mindset, particularly in the United States, in terms of sustainability targets that various industrial companies have, not just industrial companies, all companies have, from a variety of industries. Very much focused in setting their sustainability metrics to be, to actually obtain and be seen to obtain their power generation from clean sources. That's leading to a number of opportunities throughout the United States to build, sort of purpose build and contracted wind farms and potentially solar opportunities, and that's something that the company is going to be evaluating very carefully in the coming time period.

I think those were going to be the principle comments that we have provided. I am happy to try to take any questions and answer any questions that anybody may have.

___: Question. We will bring the meeting to a close and John and the other officers, Directors will be here for a few minutes if you have some persona questions.

AH: By all means, thank you all. (applause)