Special Meeting of Shareholders

September 26, 2023

transalta renewables

Your Vote is Important! Support the Arrangement by voting FOR to realize:

- a fair offer reflecting an attractive premium
- a unified, large-scale clean electricity leader
- a simplified governance structure that facilitates growth
- an increase to public float and trading liquidity

Take Action, cast your TransAlta Renewables vote by 10:00am Calgary Time on September 22, 2023

Questions? Need Help Voting? Contact Kingsdale Advisors at
1-877-659-1821 (toll-free in North America)
or contactus@kingsdaleadvisors.com

These materials are important and require your immediate attention. As a shareholder of TransAlta Renewables Inc. you are required to make important decisions. If you have any doubt as to how to make such decisions, please contact your tax, financial, legal or other professional advisors. No securities regulatory authority has expressed an opinion about, or passed upon the fairness or merits of the transaction described in this document, the securities being offered pursuant to such transaction or the adequacy of the information contained in this document and it is an offense to claim otherwise. If you have any questions or need more information about voting your shares, please contact TransAlta Renewables Inc.'s strategic shareholder advisor and proxy solicitation agent, Kingsdale Advisors, by calling 1-877-659-1821 (toll free in North America), 1-647-251-9743 (collect call outside North America) or by email at contactus@kingsdaleadvisors.com.

NOTICE OF SPECIAL MEETING
TO BE HELD ON SEPTEMBER 26, 2023

NOTICE OF ORIGINATING APPLICATION
TO THE COURT OF KING'S BENCH OF ALBERTA

MANAGEMENT PROXY CIRCULAR

CONCERNING AN ARRANGEMENT
INVOLVING
TRANSALTA RENEWABLES INC. AND TRANSALTA CORPORATION

The Board of Directors of TransAlta Renewables Inc. (with four directors who are not independent abstaining) unanimously recommends that holders of common shares of TransAlta Renewables Inc. vote FOR the Arrangement Resolution.

AUGUST 25, 2023

TABLE OF CONTENTS

August 25, 2023

Dear Renewables Shareholders,

On behalf of the TransAlta Renewables Inc. ("**Renewables**") Board of Directors, we are pleased to invite the holders (the "**Renewables Shareholders**") of the common shares of Renewables (the "**Renewables Shares**") to the special meeting of the Renewables Shareholders to be held on September 26, 2023 (the "**Meeting**"), where you will be asked to approve the proposed arrangement between TransAlta Corporation ("**TransAlta**") and Renewables, which is to be effected by way of a plan of arrangement under the *Canada Business Corporations Act* (the "**Arrangement**"). Under the terms of the Arrangement, Renewables Shareholders may choose to receive for each Renewables Share: (a) 1.0337 common shares of TransAlta (the "**TransAlta Shares**"); or (b) $13.00 in cash.

Under the Arrangement, the maximum aggregate amount of cash payable to Renewables Shareholders is $800 million and the maximum aggregate number of TransAlta Shares issuable to Renewables Shareholders is 46,441,779 (excluding any TransAlta Shares issuable in connection with the settlement of deferred share units of Renewables). If, in aggregate, Renewables Shareholders elect to receive either cash or TransAlta Shares in excess of these amounts, the actual amount of cash and the actual number of TransAlta Shares, as applicable, issued to such Renewables Shareholders pursuant to the Arrangement will be subject to pro-rationing.

The deadline for making an election will be 5:00 pm (Calgary time) on September 26, 2023 or, if the Meeting is adjourned or postponed, by such time on the business day of such adjourned or postponed meeting if the effective date or the Arrangement (the "**Effective Date**") is to be more than two business days following the date of the Meeting or such time on the business day immediately prior to the date of such adjourned or postponed meeting if the Effective Date is to occur within two business days of the date of the Meeting (the "**Election Deadline**").

It is a condition to the Arrangement that the TransAlta Shares issued pursuant to the Arrangement be listed on the Toronto Stock Exchange (the "**TSX**") and the New York Stock Exchange (the "**NYSE**").

The Arrangement will create a unified, large-scale clean electricity leader with a broader, more diversified platform, and is expected to offer significant benefits to the Renewables Shareholders who elect to receive TransAlta Shares. In addition, the combined company will provide resilience and mitigate near-term risks associated with maintaining Renewables' current dividend level given its declining cash available for distribution due to near-to-medium term contract expiries, significant increases to cash taxes and other factors. The combined company will provide stronger dividend sustainability and payout coverage, and it will be better positioned to realize in renewable assets growth as compared to Renewables as a standalone entity. The combined company will also have access to more efficient capital, along with corporate synergies as a result of its simplified structure. In addition, the combined company will share a common strategic path to achieve its clean electricity growth objectives.

The consideration payable to Renewables Shareholders represents an 18.3% premium based on the closing price of Renewables Shares on the TSX as of July 10, 2023. The total consideration paid to Renewables Shareholders is valued at $1,384,051,812 on July 10, 2023, of which $800 million will be paid in cash and the balance in TransAlta Shares. The combined company will operate as TransAlta and remain listed on the TSX and the New York Stock Exchange, under the symbols "TA" and "TAC", respectively.

The Arrangement is the result of an extensive and thorough arm's length negotiation process between the special committee of independent directors of the Renewables board of directors (the "**Renewables Special**

Committee" and the "**Renewables Board**") and TransAlta and their respective advisors. The determination of the Renewables Special Committee and the Renewables Board is based on various factors described more fully in the accompanying Management Proxy Circular.

The Renewables Board, having undertaken a thorough review of, and having carefully considered, among other things, the unanimous recommendations of the Renewables Special Committee, information concerning Renewables, TransAlta, the Arrangement and its impact on Renewables and all affected stakeholders, the alternatives available to Renewables, the advice and fairness opinions provided by National Bank Financial and TD Securities and formal valuation of National Bank Financial and such other matters it considered necessary or appropriate, with four members who are not independent abstaining, unanimously: (a) determined that the Arrangement is in the best interests of Renewables and fair to the Renewables Shareholders (without consideration to TransAlta or any affiliate thereof); (b) approved the Arrangement and the entering into of the arrangement agreement dated July 10, 2023 between TransAlta and Renewables in respect of the Arrangement and the performance by Renewables of its obligations thereunder; and (c) directed that the Arrangement be submitted to the Renewables Shareholders for approval and recommended that Renewables Shareholders vote in favour of the Arrangement.

THE RENEWABLES BOARD (WITH FOUR DIRECTORS WHO ARE NOT INDEPENDENT ABSTAINING) UNANIMOUSLY RECOMMENDS THAT THE RENEWABLES SHAREHOLDERS VOTE FOR THE SPECIAL RESOLUTION APPROVING THE ARRANGEMENT. IT IS A CONDITION TO THE COMPLETION OF THE ARRANGEMENT THAT SUCH RESOLUTION BE APPROVED AT THE MEETING.

In order to become effective, the Arrangement must be approved by: (a) at least two-thirds of the votes cast by the Renewables Shareholders present in person or by proxy at the Meeting; and (b) a simple majority of the votes cast by the Renewables Shareholders present in person or by proxy at the Meeting, excluding the votes attached to Renewables Shares held by TransAlta and any "interested party", any "related party" of an "interested party" or any "joint actor" of the foregoing as required under Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*. Completion of the Arrangement is also subject to receipt of certain required regulatory approvals, including the approval of the TSX, the NYSE and the Alberta Court of King's Bench, and other customary closing conditions, all of which are described in more detail in the Management Proxy Circular.

Attached is the Notice of the Special Meeting of the Renewables Shareholders and the Management Proxy Circular. The Management Proxy Circular contains details of the business to be conducted at the Meeting and contains a detailed description of the Arrangement, including the background to and reasons for the Arrangement, the recommendations of the Renewables Special Committee and the Renewables Board and the conditions required to be satisfied for the Arrangement to be completed. Please give this material your careful consideration and, if you require assistance, consult your financial, income tax or other professional advisor.

As a result of the improvement of technology relating to virtual shareholder platforms, and to give all of the Renewables Shareholders equal opportunity to participate in the Meeting regardless of their geographic location or particular constraints that could otherwise prohibit their participation at the Meeting, we will hold our Meeting in a virtual-only format, which will be conducted using a live audio webcast.

Any questions regarding voting your shares should be directed to our strategic shareholder advisor and proxy solicitation agent, Kingsdale Advisors, who can be reached by toll-free telephone in North America at 1-877-659-1821, by collect call outside North America at 1-647-251-9743, or by email at contactus@kingsdaleadvisors.com.

If you are unable to attend the Meeting, you can vote by telephone, via the Internet, or by completing and returning the enclosed form of proxy or voting instruction form. Please refer to the "How to Vote" section of the Management Proxy Circular for more information. We encourage you to visit the websites of TransAlta and Renewables at any time before the Meeting as they provide important information regarding each company.

You are also advised that registered Renewables Shareholders have been granted the right to dissent in respect to the Arrangement. Please review the Management Proxy Circular carefully if you are contemplating exercising this right.

If you are a registered Renewables Shareholder, enclosed is a letter of transmittal explaining how to deposit your Renewables Shares in order to receive the consideration under the Arrangement. Prior to paying you any consideration under the Arrangement, the Depositary for the Arrangement must receive the applicable letter of transmittal completed by you, together with the certificate(s) or direct registration system advice(s) representing your Renewables Shares, if you are a registered Renewables Shareholder.

If you hold your Renewables Shares through a broker or other intermediary, to ensure that you receive the consideration for your Renewables Shares if the Arrangement is completed, follow the instructions provided by such broker or other intermediary in delivering your Renewables Shares and making an election with respect to the form of consideration you wish to receive (subject to pro-rationing). The broker or other intermediary may establish earlier deadlines for making an election. It is important to contact your broker or other intermediary well in advance of the Election Deadline.

Please ensure that your Renewables Shares are represented and voted at the Meeting whether or not you are able to attend. Regardless of the number of Renewables Shares you hold, your vote is important.

We look forward to your participation at the Meeting.

Sincerely,

(signed) "*David W. Drinkwater*"

David W. Drinkwater
Chair of the Board of Directors of TransAlta Renewables Inc.

(signed) "*Allen Hagerman*"

Allen Hagerman
Chair of the Special Committee of the Board of Directors of TransAlta Renewables Inc.

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS OF TRANSALTA RENEWABLES INC.

NOTICE IS HEREBY GIVEN that, pursuant to an interim order (the "**Interim Order**") of the Court of King's Bench of Alberta dated August 23, 2023, a special meeting (the "**Meeting**") of the holders ("**Renewables Shareholders**") of common shares ("**Renewables Shares**") of TransAlta Renewables Inc. ("**Renewables**") will be held on September 26, 2023 at 10:00 a.m. (Calgary time) in a virtual-only meeting format via live audio webcast at web.lumiagm.com/450755248, password "transalta2023" (case sensitive) to:

(a) consider and, if deemed appropriate, to pass, with or without variation, a special resolution (the "**Arrangement Resolution**"), the full text of which is set forth in Appendix A to the accompanying management proxy circular of Renewables dated August 25, 2023 (the "**Circular**"), to approve an arrangement (the "**Arrangement**") under Section 192 of the *Canada Business Corporations Act* (the "**Act**") providing for the Arrangement between Renewables and TransAlta Corporation as more particularly described in the Circular; and

(b) transact such further and other business as may properly be brought before the Meeting or any adjournment(s) or postponement(s) thereof.

The Circular and the form of proxy or the voting information form for the Meeting accompany this Notice of Special Meeting. You should carefully review all information contained in the Circular before voting.

Renewables is holding the Meeting by way of a live audio webcast. This webcast will allow registered Renewables Shareholders and duly appointed proxyholders to participate, ask questions, and vote at the Meeting through an online portal. Accordingly, if you are a registered Renewables Shareholder, you may participate via the live audio webcast of the Meeting through the online portal at web.lumiagm.com/450755248. Non-registered (or beneficial) Renewables Shareholders may also listen to the live audio webcast of the Meeting through web.lumiagm.com/450755248, but will not have the ability to vote virtually or ask questions through the live audio webcast unless they are duly appointed and registered as proxyholders. The password for the Meeting is "transalta2023" (case sensitive).

THE BOARD OF DIRECTORS OF RENEWABLES (WITH FOUR DIRECTORS WHO ARE NOT INDEPENDENT ABSTAINING) UNANIMOUSLY RECOMMENDS THAT YOU VOTE FOR THE ARRANGEMENT RESOLUTION AT THE MEETING. IT IS A CONDITION TO THE COMPLETION OF THE ARRANGEMENT THAT THE ARRANGEMENT RESOLUTION BE APPROVED AT THE MEETING (OR ANY ADJOURNMENT(S) OR POSTPONEMENT(S) THEREOF).

Only Renewables Shareholders of record at the close of business on August 24, 2023, the record date set for the Meeting, are entitled to receive notice of, to attend and to vote at the Meeting or any adjournment(s) or postponement(s) thereof. The form of proxy must be signed, dated and returned to Renewables' registrar and transfer agent, Computershare Investor Services Inc., Attention: Proxy Department, 8th Floor, 100 University Avenue, Toronto, Ontario M5J 2Y1, for receipt before 10:00 a.m. (Calgary time) on September 22, 2023 or, in the case of adjournment(s) or postponement(s) of the Meeting, not less than 48 hours (excluding Saturdays, Sundays and holidays) prior to the time fixed for the adjourned or postponed Meeting. Registered Renewables Shareholders who cannot attend the Meeting in person may use one of the voting options described in the accompanying Circular and the form of proxy. Non-registered Renewables Shareholders should follow the instructions on the voting instruction form or other form of proxy provided by their intermediaries with respect to the procedures to be followed for voting.

Renewables Shareholders who are unable to attend the Meeting are requested to complete, date and sign the enclosed form of proxy (or voting instruction form, as applicable) and return it, in the envelope provided, to Computershare Investor Services Inc., Proxy Department, 8th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1, so that it is received no later than 10:00 a.m. (Calgary time) on September 22, 2023 or, if the Meeting is adjourned or postponed, no later than 48 hours (excluding Saturdays, Sundays and holidays) before the time of the adjourned or postponed Meeting.

Pursuant to the Interim Order, registered holders of Renewables Shares have the right to dissent with respect to the Arrangement Resolution and, if the Arrangement becomes effective, to be paid the fair value of their Renewables Shares in accordance with the provisions of Section 190 of the Act, as modified by the Interim Order and the Plan of Arrangement which is attached to the Circular as Schedule A to Appendix B (the "**Plan of Arrangement**"). The right

of a registered holder of Renewables Shares to dissent is more particularly described in the Circular and in the Interim Order and in the text of Section 190 of the Act, which are set forth in Appendices C and D, respectively, of the Circular. To exercise such right to dissent, a dissenting Renewables Shareholder must send to Renewables in accordance with the Interim Order, c/o Stikeman Elliott LLP, Bankers Hall West, 4200 888 – 3 St SW, Calgary, AB T2P 5C5, Attention: Geoffrey D. Holub and Matti Lemmens, a written objection to the Arrangement Resolution, which written objection must be received by no later than 5:00 p.m. (Calgary time) on September 22, 2023 or on the second business day immediately proceeding the date of any adjournment(s) or postponement(s) of the Meeting, as applicable.

Failure to strictly comply with the requirements set forth in Section 190 of the Act, as modified by the Interim Order and the Plan of Arrangement, may result in the loss of any right of dissent that a registered holder of Renewables Shares may otherwise have. Persons who are beneficial owners of Renewables Shares registered in the name of a broker, dealer, bank, trust company or other nominee who wish to dissent should be aware that only the registered holders of such Renewables Shares are entitled to dissent. Accordingly, a beneficial owner of Renewables Shares desiring to exercise the right of dissent must make arrangement for the Renewables Shares beneficially owned by such holder to be registered in the holder's name prior to the time the written objection to the Arrangement Resolution is required to be received by Renewables or, alternatively, make arrangements for the registered holder of such Renewables Shares to dissent on behalf of the beneficial holder. It is strongly recommended that any Renewables Shareholders wishing to dissent seek independent legal advice.

Your vote is important. Please read the enclosed materials carefully. If you have questions about any of the information or require assistance in completing your proxy form or voting instruction form, as the case may be, please do not hesitate to contact Renewables' strategic shareholder advisor and proxy solicitation agent, Kingsdale Advisors, who can be reached by toll-free telephone in North America at 1-877-659-1821, by collect call outside North America at 1-647-251-9743, or by email at contactus@kingsdaleadvisors.com.

August 25, 2023

By order of the Board of Directors of TransAlta Renewables Inc.

(signed) "*Scott Jeffers*"

Scott Jeffers
Corporate Secretary
Calgary, Alberta

Court File No.: 2301-10665

IN THE COURT OF KING'S BENCH OF ALBERTA

JUDICIAL DISTRICT OF CALGARY

IN THE MATTER OF SECTION 192 OF THE *CANADA BUSINESS CORPORATIONS ACT*, RSC 1985, c C-44, AS AMENDED

AND IN THE MATTER OF A PROPOSED ARRANGEMENT INVOLVING, AMONG OTHERS, TRANSALTA CORPORATION, TRANSALTA RENEWABLES INC. AND THE SHAREHOLDERS OF TRANSALTA RENEWABLES INC.

NOTICE OF ORIGINATING APPLICATION

NOTICE IS HEREBY GIVEN that an originating application (the "**Application**") has been filed with the Court of King's Bench of Alberta, Judicial District of Calgary (the "**Court**") on behalf of TransAlta Renewables Inc. ("**Renewables**"), with respect to a proposed arrangement (the "**Arrangement**") under Section 192 of the *Canada Business Corporations Act*, RSC 1985, c C-44, as amended (the "**Act**"), involving, among others, Renewables, TransAlta Corporation ("**TransAlta**") and the holders ("**Renewables Shareholders**") of common shares (the "**Renewables Shares**") of Renewables (collectively, the "**Arrangement Parties**"), which Arrangement is described in greater detail in the management information circular of Renewables dated August 25, 2023 accompanying this Notice of Application. At the hearing of the Application, Renewables intends to seek:

(a) a declaration that the registered holders of Renewables Shares shall have their dissent rights in respect of the Arrangement pursuant to the provisions of Section 190 of the Act, as modified by the interim order (the "**Interim Order**") of the Court dated August 23, 2023 and the Plan of Arrangement;

(b) an order approving the Arrangement pursuant to the provisions of Section 192 of the Act and pursuant to the terms and conditions of the Arrangement Agreement;

(c) a declaration that the Arrangement will, upon the filing of articles of arrangement under the Act and the issuance of the proof of filing of articles of arrangement under the Act, be effective under the Act in accordance with its terms and will be binding on and after the Effective Date, as defined in the Arrangement;

(d) a declaration that the terms and conditions of the Arrangement, and the procedures relating thereto, are fair and reasonable to the Renewables Shareholders and other persons affected from a substantive and procedural point of view; and

(e) such other and further orders, declarations and directions as the Court may deem just.

AND NOTICE IS FURTHER GIVEN that the said Application is directed to be heard before a Justice of the Court of King's Bench of Alberta, (via Webex) on October 4, 2023 at 2:00 p.m. (Calgary time), or as soon thereafter as counsel may be heard. **Any Renewables Shareholder or any other interested party desiring to appear at the hearing is required to file with the Court and serve upon Renewables on or before 12:00 p.m. (Calgary time) on September 28, 2023, a notice of intention to appear, including an address for service in the Province of Alberta, indicating whether such Renewables Shareholder or other interested party intends to support or oppose the application or make submissions thereat, together with a summary of the position such Renewables Shareholder or other interested party intends to advocate before the Court and any evidence or materials which are to be presented to the Court**. Service on Renewables is to be effected by delivery to the solicitors for Renewables at the address set out below. If any Renewables Shareholder or any other such interested party does not attend, either in person or by counsel, at that time, the Court may

approve the Arrangement as presented, or may approve it subject to such terms and conditions as the Court shall deem fit, or refuse to approve the Arrangement, without any further notice.

AND NOTICE IS FURTHER GIVEN that no further notice of the Application will be given by Renewables, and that in the event the hearing of the Application is adjourned, only those persons who have appeared before the Court for the Application at the hearing shall be served with notice of the adjourned date.

AND NOTICE IS FURTHER GIVEN that the Court, by the Interim Order, has given directions as to the calling and holding of a meeting of Renewables Shareholders for the purpose of such shareholders voting upon, amongst other items, a special resolution to approve the Arrangement, and has directed that registered Renewables Shareholders shall have the right to dissent with respect to the Arrangement in accordance with the provisions of Section 190 of the Act, as modified by the Interim Order and the Plan of Arrangement.

AND NOTICE IS FURTHER GIVEN that the final order approving the Arrangement, if granted, will constitute the basis for an exemption from the registration requirements of the United States *Securities Act of 1933*, as amended, provided by Section 3(a)(10) thereof, with respect to the issuance of the common shares of TransAlta to be issued pursuant to the Plan of Arrangement.

AND NOTICE IS FURTHER GIVEN that a copy of the said Application and other documents in the proceedings will be furnished to any Renewables Shareholders or other interested party requesting the same by the under mentioned solicitors for Renewables upon written request delivered to such solicitors as follows:

Stikeman Elliott LLP
Bankers Hall West, 4200 888 – 3 St SW
Calgary, Alberta T2P 5C5
Attention: Geoffrey D. Holub and Matti Lemmens

DATED this 25th day of August, 2023

BY ORDER OF THE BOARD OF DIRECTORS OF TRANSALTA RENEWABLES INC.

(signed) "*Allen Hagerman*"

Allen Hagerman
Director

QUESTIONS AND ANSWERS
ABOUT THE ARRANGEMENT AND THE MEETING

The following is intended to address certain key questions concerning the Arrangement and the Meeting. The information contained below is of a summary nature and therefore is not complete and is qualified in its entirety by the more detailed information contained elsewhere in or incorporated by reference in the Circular which accompanies this "*Question and Answers About the Arrangement and the Meeting*", including the Appendices thereto, all of which are important and should be reviewed carefully. Capitalized terms used but not otherwise defined in this "*Question and Answers About the Arrangement and the Meeting*" have the meanings set forth under "*Glossary of Terms*" in the Circular.

Q: Why did I receive the Circular?

A: You received the Circular because you are a Renewables Shareholder and Renewables Shareholders will be asked at the Meeting to approve the Arrangement Resolution.

Q: What is the Arrangement?

A: On July 10, 2023, TransAlta and Renewables entered into the Arrangement Agreement, pursuant to which TransAlta agreed to acquire all of the Renewables Shares not already owned by it, directly or indirectly, for consideration consisting of either: 1.0337 TransAlta Shares or $13.00 in cash for each such Renewables Share. A Renewables Shareholder can elect, subject to certain pro-rationing provisions described below, to receive the Renewables Cash Consideration, TransAlta Shares, or a combination thereof, for all of their Renewables Shares by apportioning their Renewables Shares between the Renewables Share Consideration and the Renewables Cash Consideration in accordance with the instructions provided in the Letter of Transmittal.

Under the Arrangement, the maximum aggregate amount of cash payable to Renewables Shareholders is $800 million and the maximum aggregate number of TransAlta Shares that may be issued to Renewables Shareholders is 46,441,779 (excluding the TransAlta Shares issuable in connection with the settlement of the Renewables DSUs). If, in aggregate, Renewables Shareholders elect to receive either cash or TransAlta Shares in excess of these amounts (in the case of the maximum aggregate amount of cash, such aggregate amount will be reduced by the product obtained by multiplying the number of Renewables Shares held by Dissenting Holders by the Renewables Cash Consideration), the actual amount of cash and number of TransAlta Shares, as applicable, issued to such Renewables Shareholders pursuant to the Arrangement will be subject to pro-rationing as set forth in the Plan of Arrangement.

The Arrangement Agreement, a copy of which is attached as Appendix B to the Circular, sets out the steps to be taken by the Parties to prepare for and implement the Arrangement. The Arrangement Agreement contains covenants, representations and warranties of and from both of the Parties, and contains various closing conditions which must be satisfied or waived in order for the Arrangement to be completed. The steps in the Arrangement are set forth in the Plan of Arrangement which is attached to the Arrangement Agreement as Schedule A.

Q: What are the reasons for the Arrangement?

A: The Arrangement is expected to provide shareholders of the combined company with a single strategy and a clear and compelling opportunity for long-term growth:

1. The combined company will share a common strategic path to achieve its clean electricity growth objectives and be more competitive as a single, streamlined, publicly-listed entity. It will align, clarify and enhance management's strategic focus and efforts in the marketing, development, construction, operation and maintenance of generation assets to will serve customers with clean and reliable electricity.

2. Following the completion of the Arrangement, shareholders of the combined company will benefit from an accretive transaction and receive a sustainable quarterly dividend while ensuring the combined company retains sufficient cash flow for reinvestment in future growth projects.

3. The combined company will have unified and direct ownership interests in a diversified portfolio of wind, hydro, solar, storage and natural gas generation assets, all backed by an aligned strategy that allows shareholders of the combined company to benefit from future growth.

4. The combined company will have a larger market capitalization and will provide stronger access to capital markets while providing increased trading liquidity. The reduced corporate complexity will provide greater transparency and understanding of the combined company's business, which is expected to enable investment in TransAlta's growing clean electricity portfolio.

5. The combined company will benefit from greater efficiencies and corporate synergies under a single entity. The combined company will create opportunities for further capital efficiencies by funding growth in a single simplified entity, providing a higher retention of cash flows, and resulting in lower corporate and administration costs.

See "*The Arrangement – Reasons for the Arrangement*".

Q: Does the Renewables Board support the Arrangement?

A: Yes. The Renewables Board, having undertaken a thorough review of, and having carefully considered, among other things, the recommendation of the Renewables Special Committee, information concerning Renewables, TransAlta, the Arrangement and its impact on Renewables and all affected stakeholders, the alternatives available to Renewables, the TD Fairness Opinion, the NBF Formal Valuation and Fairness Opinion and such other matters it considered necessary or appropriate, including the factors and risks set out below under the heading "*The Arrangement – Reasons for the Arrangement*", with four directors who are officers or former officers of TransAlta abstaining, unanimously: (a) determined that the Arrangement is in the best interests of Renewables and fair to the Renewables Shareholders (without consideration to TransAlta and its affiliates); (b) approved the Arrangement and the entering into of the Arrangement Agreement and the performance by Renewables of its obligations thereunder; and (c) directed that the Arrangement be submitted to the Renewables Shareholders for approval and recommended that the Renewables Shareholders vote in favour of the Arrangement.

THE RENEWABLES BOARD (WITH FOUR DIRECTORS WHO ARE NOT INDEPENDENT ABSTAINING) UNANIMOUSLY RECOMMENDS THAT THE RENEWABLES SHAREHOLDERS VOTE FOR THE ARRANGEMENT RESOLUTION.

See "*The Arrangement – Recommendation of the Renewables Board*" and "*The Arrangement – Recommendation of the Renewables Special Committee*". The full text of the Arrangement Resolution is set forth in Appendix A to the Circular.

Q: Why is now the right time for this Arrangement?

A: The combined company will share a common strategic path to achieve its clean electricity growth objectives and be more competitive as a single, streamlined, publicly-listed entity. It will align, clarify and enhance TransAlta's management's strategic focus and efforts in the marketing, development, construction, operation and maintenance of generation assets to serve customers with clean and reliable electricity.

The combined company will have a larger market capitalization and will provide stronger access to capital markets while providing increased trading liquidity. The reduced corporate complexity will provide greater transparency and understanding of the combined company's business, which is expected to enable investment in TransAlta's growing clean electricity portfolio.

The combined company will be better positioned for dividend sustainability and growth beyond 2023 relative to a standalone Renewables. The Arrangement resolves significant risks associated with maintaining Renewables' current dividend level given Renewables' declining cash available for distribution due to near-to-medium term contract expiries, significant increases to cash taxes and other factors.

Q: Is there a fairness opinion regarding the consideration to be paid to the Renewables Shareholders?

A: Yes. The Renewables Special Committee has received the NBF Formal Valuation and Fairness Opinion and the TD Fairness Opinion from its financial advisors, NBF and TD, respectively, to the effect that, as of July 10, 2023, based upon and subject to the assumptions, qualifications and limitations set forth therein, the consideration to be paid by TransAlta to the Renewables Shareholders (other than TransAlta and its affiliates) in respect of the Renewables Shares pursuant to the Arrangement is fair, from a financial point of view, to such Renewables Shareholders. NBF also verbally delivered its formal valuation (later confirmed by delivery of a written formal valuation) that, subject to the assumptions and limitations contained therein, the fair market value of a Renewables Share as of July 10, 2023 is in the range of $12.25 and $13.60. See "*The Arrangement – NBF Formal Valuation and Fairness Opinion and TD Fairness Opinion*".

The full text of each of the written NBF Formal Valuation and Fairness Opinion and the TD Fairness Opinion, which set forth assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with such opinions, are contained in Appendices E and F to the Circular, respectively. Each of NBF and TD provided its opinion solely for the information and assistance of the Renewables Special Committee in connection with its consideration of the Arrangement. Neither the NBF Formal Valuation and Fairness Opinion nor the TD Fairness Opinion is a recommendation as to how any Renewables Shareholder should vote with respect to the Arrangement Resolution, or any other matter.

Q: Are there support agreements in place with any Renewables Shareholders?

A: Yes. Each director of Renewables, collectively holding approximately 0.02% of the outstanding Renewables Shares on a non-diluted basis, has entered into a Renewables Lock-up Agreement with TransAlta pursuant to which he or she have agreed, among other things, to vote their Renewables Shares in support of the Arrangement Resolution at the Meeting.

See "*Details of the Arrangement – Renewables Lock-up Agreements*".

Q: Why is the Meeting being held?

A: The Meeting is being held to obtain the necessary Renewables Shareholder approvals with respect to the Arrangement. For the Arrangement to be implemented (subject to a further order of the Court), the Arrangement Resolution must be approved by:

(i) at least two-thirds of the votes cast by all Renewables Shareholders present in person or by proxy at the Meeting; and

(ii) by a majority of the votes cast by all Renewables Shareholders present in person or by proxy at the Meeting after excluding the votes attached to Renewables Shares that, to the knowledge of Renewables and its directors and senior officers, after reasonable inquiry, are beneficially owned or over which control or direction is exercised by the Renewables Interested Parties.

The full text of the Arrangement Resolution is set forth in Appendix A to the Circular.

Management of Renewables is soliciting proxies of the Renewables Shareholders to vote in favour of the Arrangement Resolution.

Q: What are the Renewables Shareholders being asked to vote on?

A: Renewables Shareholders will be asked to vote on the Arrangement Resolution, the full text of which is set forth in Appendix A to the Circular. If approved, the Arrangement Resolution will approve the Arrangement under Section 192 of the Act providing for the transaction between Renewables and TransAlta, as more particularly described in the Circular.

Q: When and where is the Meeting being held?

A: There is no physical location for the Meeting. The Meeting will be held on September 26, 2023 at 10:00 a.m. (Calgary time) in a virtual-only format that will be conducted via live audio webcast accessible at web.lumiagm.com/450755248, password "transalta2023" (case sensitive). Such format will give Renewables Shareholders an equal opportunity to participate in the Meeting online regardless of their geographic location.

Q: Can I ask questions at the Meeting?

A: Yes. Registered Renewables Shareholders and duly appointed proxyholders (including beneficial Renewables Shareholders who have duly appointed themselves as proxyholders) who attend the Meeting online will be able to ask questions at the Meeting. Questions or comments can be submitted in the text box (chat feature) of the webcast platform throughout the Meeting. Written questions or comments submitted through the text box of the webcast platform will be read or summarized by a representative of Renewables, after which the Chair of the Meeting will respond or direct the question to the appropriate person to respond. If several questions relate to the same or a very similar topic, Renewables may choose to group such questions and indicate that similar questions were received.

These procedures may vary from time to time depending on logistics and with a view to following best governance practices. A representative of Renewables will provide an overview of these procedures before the Meeting is called to order.

Registered Renewables Shareholders and duly appointed proxyholders who wish to submit questions or comments may do so during the live webcast of the Meeting at web.lumiagm.com/450755248, password "transalta2023" (case sensitive) by selecting the "Messaging" tab at the top of the screen, and entering your comment or question in the "Ask a Question" text box at the top of the messaging screen. Once satisfied with the question, you may click the arrow button to the right of the question field to submit it to the Chair of the Meeting. You should allow ample time to check into the Meeting online and complete the related procedure.

Q: How do I appoint a proxy?

A: Accompanying the Circular is a form of proxy for Renewables Shareholders. By appointing a proxyholder, Renewables Shareholders are giving someone else the authority to attend the Meeting and vote on their behalf.

Please note that Renewables Shareholders have the right to appoint anyone to be their proxyholder. This person does not need to be a Renewables Shareholder or the Renewables representatives named in the form of proxy. To appoint somebody else as proxyholder, you may cross out the printed names on the form of proxy and insert the name of a person you wish to act as your proxyholder in the blank space provided AND follow the instructions set out above to register your proxyholder at http://www.computershare.com/TransAltaRNW. Please indicate the way you wish to vote on each item of business. Your proxyholder must vote your Renewables Shares in accordance with your instructions at the Meeting. Please ensure that the person you

appoint is aware that he or she has been appointed and attends the Meeting by following the instructions set out above. If your proxyholder does not attend the Meeting, your Renewables Shares will not be voted.

If you returned your signed proxy and did not appoint anyone to be your proxyholder, Allen R. Hagerman, member of the Renewables Board, and failing him, Todd J. Stack, President of Renewables, have agreed to act as your proxyholder to vote or withhold from voting your Renewables Shares at the Meeting in accordance with your instructions.

If you are a beneficial Renewables Shareholder, your package includes a voting instruction form. Beneficial Renewables Shareholders should follow carefully the instructions provided in the voting instruction form by using one of the described methods provided to vote their Renewables Shares. The voting instruction form is similar to a form of proxy however it can only instruct the registered Renewables Shareholder how to vote your shares.

Any questions regarding voting your Renewables Shares should be directed to Renewables' strategic shareholder advisor and proxy solicitation agent, Kingsdale, who can be reached by toll-free telephone in North America at 1-877-659-1821, by collect call outside North America at 1-647-251-9743, or by email at contactus@kingsdaleadvisors.com

Q: How do I revoke my proxy?

A: A Renewables Shareholder who has given a form of proxy may revoke it by an instrument in writing executed by such Renewables Shareholder or by its attorney duly authorized in writing or, if the Renewables Shareholder is a corporation, by an officer or attorney thereof duly authorized, and deposited with Computershare Investor Services Inc., Attention: Proxy Department, 8th Floor, 100 University Avenue, Toronto, Ontario M5J 2Y1. Your notice of revocation must be received before the Proxy Deadline or, in the case of any adjournment(s) or postponement(s) of the Meeting, not less than 48 hours (excluding Saturdays, Sundays and holidays) prior to the time fixed for the adjourned or postponed Meeting.

Q: How will my securities represented by my form of proxy be voted?

A: The Renewables Shares represented by an effective form of proxy will be voted or withheld from voting in accordance with the instructions specified therein. If you returned your signed proxy and did not appoint anyone to be your proxyholder, Allen R. Hagerman, member of the Renewables Board, and failing him, Todd J. Stack, President of Renewables, have agreed to act as your proxyholder to vote or withhold from voting your Renewables Shares at the Meeting in accordance with your instructions. If you decide to appoint Allen R. Hagerman and failing him, Todd J. Stack as your proxyholder, and do not indicate how you want to vote, they will vote **FOR** the Arrangement Resolution.

The form of proxy or voting instruction form confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the Notice of Meeting attached to the Circular and to any other matters which may properly come before the Meeting. At the time of printing of the Circular, management knows of no such amendment, variation or matter to come before the Meeting other than the matter referred to above. If other matters do properly come before the Meeting, your proxyholder will vote on them using his or her best judgment unless such discretionary authority is not given.

Q: How do I vote using the Internet?

A: Renewables Shareholders may use the Internet to transmit their voting instructions by accessing the website at www.investorvote.com and following the instructions. You will require your 15-digit control number found on your form of proxy. Please note that if Renewables Shareholders vote by Internet, their completed form of proxy and voting instructions must be received before 10:00 a.m. (Calgary time) on

September 22, 2023 or, in the case of any adjournment(s) or postponement(s) of the Meeting, not less than 48 hours (excluding Saturdays, Sundays and holidays) prior to the time fixed for the adjourned or postponed Meeting.

Q: How do I attend, participate and vote at the Meeting?

A: The Meeting will be held in a virtual-only format. Renewables Shareholders will not be able to attend the Meeting in person.

Registered Renewables Shareholders and duly appointed proxyholders (including beneficial Renewables Shareholders who have duly appointed themselves as proxyholders) who attend the Meeting online will be able to listen to the Meeting, ask questions and vote at the Meeting by completing a ballot that will be made available online during the Meeting, all in real time, provided that they are connected to the Internet at web.lumiagm.com/450755248. Such persons may then enter the Meeting by clicking "Login" and entering a Control Number and, password "transalta2023" (case sensitive) before the start of the Meeting.

Registered Renewables Shareholders: If you are a registered Renewables Shareholder, the control number located on the form of proxy or in the email notification you received is your Control Number.

Duly appointed proxyholders: If you are a duly appointed third-party proxyholder, Computershare Investor Services Inc. will provide you with a Control Number by e-mail after the Proxy Deadline has passed and you have been duly appointed as proxyholder AND registered as described in the Circular. Registration of third-party proxyholders as described above is an additional step that must be completed in order for proxyholders to attend and participate at the Meeting. Without a Control Number, proxyholders will not be able to ask questions or vote at the Meeting but will be able to listen as a guest.

Guests: Guests are welcome to attend the webcast, but will be unable to participate or vote at the Meeting. To join as a guest please visit the Meeting online at web.lumiagm.com/450755248 and select "Join as a Guest" when prompted.

Non-registered (beneficial) Renewables Shareholders who have not duly appointed themselves as proxyholder will be able to attend the Meeting as a guest but will not be able to vote at the Meeting. This is because Renewables and its transfer agent do not have a record of the non-registered (beneficial) Renewables Shareholders, and, as a result, will have no knowledge of your shareholdings or entitlement to vote, unless you appoint yourself as proxyholder. If you are a non-registered (beneficial) Renewables Shareholder and wish to vote at the Meeting, you have to appoint yourself as proxyholder by inserting your own name in the space provided on the voting instruction form sent to you and must follow all of the applicable instructions provided by your intermediary.

Q: How do I vote my Renewables Shares if I am a non-registered (beneficial) Renewables Shareholder?

A: You are a beneficial Renewables Shareholder if your Renewables Shares are registered in the name of an intermediary and your certificate is held with a bank, trust company, securities broker, trustee or other institution.

If you are a beneficial Renewables Shareholder, your package includes a voting instruction form. Beneficial Renewables Shareholders should follow carefully the instructions provided in the voting instruction form by using one of the described methods provided to vote their Renewables Shares. The voting instruction form is similar to a form of proxy however it can only instruct the registered Renewables Shareholder how to vote your shares.

As a beneficial Renewables Shareholder, you may:

- Option 1. Vote through your intermediary

If you wish to vote through your intermediary, follow the instructions on the proxy or voting instruction form provided by your intermediary. Your intermediary is required to ask for your voting instructions before the Meeting. Please contact your intermediary if you did not receive a voting instruction form. Alternatively, you may receive from your intermediary a preauthorized proxy indicating the number of Renewables Shares to be voted, which you should complete, sign, date and return as directed on the proxy.

- Option 2. Vote at the Meeting or by proxy

Renewables does not have access to the names or holdings of any non-registered Renewables Shareholders. That means you can only vote your Renewables Shares at the Meeting if you have previously appointed yourself as the proxyholder for your Renewables Shares. If you wish to vote at the Meeting, appoint yourself as your proxyholder by writing your own name in the space provided on the proxy or voting instruction form provided by your intermediary AND following the instructions under "*General Proxy Matters for Renewables – How to Vote – Voting at the Meeting*" in the Circular to register yourself as proxyholder. Do not complete the voting section on the proxy or voting instruction form as your vote will be taken at the Meeting and return the proxy or voting instruction form to your intermediary in the envelope provided. You may also appoint someone else as the proxyholder for your Renewables Shares by printing their name in the space in the proxy or voting instruction form provided by your intermediary, submitting it as directed on the form AND following the instructions under "*General Proxy Matters for Renewables – How to Vote – Voting at the Meeting*" in the Circular to register that person as your proxyholder. Your vote, or the vote of your proxyholder, will be taken and counted at the Meeting. Your proxyholder must vote your Renewables Shares in accordance with your instructions at the Meeting. Please ensure that the person you appoint is aware that he or she has been appointed and attends the Meeting. If your proxyholder does not attend the Meeting, your Renewables Shares will not be voted.

- Option 3. Vote by telephone or over the Internet

If you wish to vote by telephone or the Internet, follow the instructions for telephone or the Internet voting on the proxy or voting instruction form provided by your intermediary.

Non-registered Renewables Shareholders who do not object to their name being made known to Renewables may be contacted by Kingsdale to assist in conveniently voting their Renewables Shares directly by telephone. Renewables may utilize the Broadridge Investor Communications Solutions QuickVote™ service to assist beneficial Renewables Shareholders with voting their Renewables Shares over the telephone.

Q: What if I am a non-registered (beneficial) Renewables Shareholder located in the United States?

A: If you are a U.S. beneficial Renewables Shareholder and you wish to attend the Meeting and vote your shares, you must follow the instructions on the back of your proxy or voting instruction form to obtain a legal proxy. Once you have received your legal proxy, you will need to submit and deliver it to Renewables or its registrar and transfer agent, Computershare Investor Services Inc., prior to the Proxy Deadline in order to vote your shares.

Q: Who is soliciting my proxy?

A: The Circular is being furnished to the Renewables Shareholders in connection with the solicitation of proxies by or on behalf of the Renewables Board and management of Renewables for use at the Meeting. It is expected that the solicitation of proxies will be primarily by mail, however directors, officers

and employees of Renewables may solicit proxies by telephone, fax, email or in person (who will not be specifically remunerated therefor). The costs of solicitation of proxies will be borne by Renewables.

Renewables has engaged Kingsdale as strategic shareholder advisor and proxy solicitation agent and will pay fees of approximately $100,000 to Kingsdale for the proxy solicitation service in addition to certain out-of-pocket expenses. Renewables may also reimburse brokers and other persons holding shares in their name or in the name of nominees for their costs incurred in sending proxy material to their principals in order to obtain their proxies. If you have any questions or need assistance voting, please contact Kingsdale at 1-877-659-1821 (toll-free in North America) or 1-647-251-9743 (collect call outside North America) or by email at contactus@kingsdaleadvisors.com.

Q: By when do I have to vote my Renewables Shares?

A: Proxies must be received before 10:00 a.m. (Calgary time) on September 22, 2023 or, in the case of any adjournment(s) or postponement(s) of the Meeting, not less than 48 hours (excluding Saturdays, Sundays and holidays) prior to the time fixed for the adjourned or postponed Meeting. The time limit for deposit of proxies may be waived or extended by the Chair of the Meeting at his or her discretion, without notice.

Q: Should I send my form of proxy or voting instruction form now?

A: Yes. Once you have carefully read and considered the information in the Circular, you need to complete and submit the enclosed form of proxy or voting instruction form, as applicable. You are encouraged to vote well in advance of the Proxy Deadline to ensure that your Renewables Shares are voted at the Meeting.

Q: Will my securities intermediary vote my Renewables Shares for me?

A: A broker or other securities intermediary will vote your Renewables Shares only if you provide instructions to such intermediary on how to vote. If you fail to provide proper instructions, the Renewables Shares will not be voted on your behalf at the Meeting. If you do not wish to appoint yourself as proxyholder, as a non-registered (beneficial) Renewables Shareholder, you should instruct your intermediary to vote your Renewables Shares on your behalf by following the directions on the voting instruction form provided by such intermediary. Unless your intermediary gives you its proxy to vote at the Meeting, you cannot vote those Renewables Shares owned by you at the Meeting.

Q: What other approvals are required for the Arrangement to be completed?

A: In addition to the approval by the Renewables Shareholders of the Arrangement Resolution, completion of the Arrangement is subject to obtaining certain court and regulatory approvals, including the conditional approval of the TSX and the NYSE for the listing of the TransAlta Shares issuable to Renewables Shareholders and the Regulatory Approvals, among other things.

See "*Details of the Arrangement – Key Approvals*".

Q: When will the Arrangement become effective?

A: The Arrangement will become effective at the time the Articles of Arrangement are filed with the CBCA Director and a Certificate of Arrangement is issued by the CBCA Director, which is expected to occur on or about October 5, 2023, assuming all required approvals are obtained.

However, completion of the Arrangement is subject to a number of conditions and it is possible that factors outside the control of Renewables and/or TransAlta could result in the Arrangement being completed later than expected, or not at all. Subject to certain limitations, each Party may terminate the

Arrangement Agreement if the Arrangement is not consummated by the Outside Date or such later date as may be agreed to in writing by the Parties.

Q: How do I receive the Renewables Share Consideration and Renewables Cash Consideration that I am entitled to under the Arrangement?

A: Registered Renewables Shareholders must complete and return the enclosed Letter of Transmittal which, when properly completed and returned together with the certificate(s) or DRS advice(s) representing Renewables Shares and all other required documents, will enable each Renewables Shareholder to obtain the Renewables Share Consideration or Renewables Cash Consideration that such Renewables Shareholder is entitled to receive under the Arrangement pursuant to the election made (or deemed to be made) by the Renewables Shareholder, subject to pro-rationing as set forth in the Plan of Arrangement. If the Arrangement becomes effective, the deposit of Renewables Shares pursuant to the Letter of Transmittal will be irrevocable. However, in the event that the Arrangement is not completed, any deposited Renewables Shares will be promptly returned to the Renewables Shareholder who provided such certificate(s) or DRS advice(s) to the Depositary. See "*Details of the Arrangement – Procedure for Exchange of Renewables Shares for Renewables Share Consideration and Renewables Cash Consideration*".

Renewables Shareholders who do not hold their Renewables Shares in their own name should instruct their broker or other intermediary to make an election with respect to such holder's Renewables Shares in order to receive the consideration issuable pursuant to the Arrangement in exchange for such holder's Renewables Shares.

Q: What if I don't complete my Letter of Transmittal?

A: The Letter of Transmittal will allow each Renewables Shareholder to elect the consideration that the Renewables Shareholder wishes to receive under the Arrangement (subject to pro-rationing as set forth in the Plan of Arrangement). Any Renewables Shareholder who does not duly complete and return a Letter of Transmittal prior to the Election Deadline, or otherwise fails to comply with the requirements of the Letter of Transmittal (including Renewables Shareholders who duly exercise Dissent Rights but are ultimately not entitled, for any reason, to be paid fair value for their Renewables Shares in respect of which they have exercised Dissent Rights), shall be deemed to have elected to receive the Renewables Share Consideration in respect of all of such holder's Renewables Shares.

Q: What will happen if the Arrangement Resolution is not approved or the Arrangement is not completed for any reason?

A: If the Arrangement Resolution is not approved or the Arrangement is not completed for any reason, the Arrangement Agreement may be terminated by one or both of the Parties. In limited circumstances, including where the Arrangement Agreement is terminated in favour of a Superior Proposal, a TransAlta Damages Fee in the amount of $95,400,000 may be payable by Renewables to TransAlta. See "*Details of the Arrangement – The Arrangement Agreement – TransAlta Damages Fee*".

The Arrangement Agreement provides that, upon determination by the Renewables Special Committee that the Arrangement Resolution will not receive the level of approval required to become effective, Renewables may adjourn or postpone the Meeting in order to undertake measures to facilitate approval of the Arrangement Resolution. In such cases, the Meeting will be held not later than 30 days after the date on which the Meeting was originally scheduled.

Q: What are the Canadian federal income tax consequences of the Arrangement?

A: For a summary of certain of the material Canadian federal income tax consequences of the Arrangement applicable to Renewables Shareholders, see "*Other Information Relating to the Arrangement – Certain Canadian Federal Income Tax Considerations*". Such summary is not intended to be legal or tax advice.

Renewables Shareholders should consult their own tax advisors as to the Canadian and other tax consequences of the Arrangement to them with respect to their particular circumstances. The questions and answers that follow are general in nature and are not intended to be legal or tax advice.

Q: Will the disposition of my Renewables Shares pursuant to the Arrangement be taxable in Canada?

A: The transfer of a Renewables Share to TransAlta for Renewables Cash Consideration under the Arrangement will be a taxable disposition for Canadian income tax purposes. In such circumstances, the Renewables Shareholder will generally realize a capital gain (or a capital loss) to the extent the aggregate Renewables Cash Consideration received exceeds (or is less than) the tax cost of the Renewables Shares and any reasonable costs of disposition.

The transfer of a Renewables Share to TransAlta for TransAlta Shares under to the Arrangement will generally be tax-deferred for Canadian income tax purposes. However, in such circumstances a Renewables Shareholder may choose to: (a) report any portion of the gain or loss realized on the disposition in its Canadian federal income tax return; or (b) make a Joint Tax Election.

Q: What is the benefit of making a Joint Tax Election?

A: A Renewables Shareholder making a Joint Tax Election is generally able to defer all or a portion of the capital gain that would otherwise arise upon the disposition of the Renewables Shares, subject to the limitations set forth in Canada's tax legislation.

One of the limitations of making a Joint Tax Election is that the elected amount in the Joint Tax Election cannot be less than the Renewables Cash Consideration received from TransAlta. As a result, where the Renewables Cash Consideration received by a Renewables Shareholder is less than the aggregate tax cost of the TransAlta Shares held by the Renewables Shareholder, it may be possible for the Renewables Shareholder to obtain a tax-deferral on the Renewables Cash Consideration by filing a Joint Tax Election.

Q: Who is eligible to make a Joint Tax Election?

A: A Joint Tax Election may be made by any taxable Canadian Renewables Shareholder that receives a combination of Renewables Cash Consideration and TransAlta Shares for their Renewables Shares. Renewables Shareholders who only receive Renewables Cash Consideration are not eligible to make a Joint Tax Election.

Q: I would like the disposition of my Renewables Shares to be tax-deferred in the event I receive a combination of Renewables Cash Consideration and TransAlta Shares under the Arrangement. How do I make a Joint Tax Election?

A: See "*Other Information Relating to the Arrangement – Certain Canadian Federal Income Tax Considerations – Holders Resident in Canada – Joint Tax Election*". Such summary is not intended to be legal or tax advice. Renewables Shareholders should consult their own tax advisors as to the Canadian and other tax consequences of the Arrangement to them with respect to their particular circumstances.

Q: I am not resident in Canada for tax purposes and I do not use or hold any Renewables Shares in a business carried on in Canada. Will the disposition of my Renewables Shares pursuant to the Arrangement be taxable in Canada?

A: Unless the Renewables Shares are "taxable Canadian property" that is not "treaty-protected property" (each as defined in the Tax Act) to a Renewables Shareholder, the disposition of such Renewables

Shares by an Renewables Shareholder that is non-resident of Canada for purposes of the Tax Act will not be taxable in Canada.

Q: What are the U.S. federal income tax consequences of the Arrangement?

A: For a summary of certain of the material United States federal income tax consequences of the Arrangement applicable to Renewables Shareholders, see "*Other Information Relating to the Arrangement – Certain United States Federal Income Tax Considerations*". Such summary is not intended to be legal or tax advice. Renewables Shareholders should consult their own tax advisors as to the United States and other tax consequences of the Arrangement to them with respect to their particular circumstances. The questions and answers that follow are general in nature and are not intended to be legal or tax advice.

Q: Will the disposition of my Renewables Shares pursuant to the Arrangement be taxable for United States income tax purposes?

A: The disposition of Renewables Shares pursuant to the Arrangement by a Renewables Shareholder will be taxable for United States federal income tax purposes. Provided that Renewables was not classified as a "passive foreign investment company" within the meaning of Section 1297 of the Code, for any year or period during which a Renewables Shareholder has held Renewables Shares, such Renewables Shareholder will generally realize a taxable gain (or a taxable loss) for U.S. federal income tax purposes to the extent the aggregate of the Renewables Cash Consideration and the fair market value of the TransAlta Shares received exceeds (or is less than) the Renewables Shareholder's adjusted tax basis in the Renewables Shares that are disposed of pursuant to the Arrangement.

Q: What are the other tax consequences of the Arrangement?

A: The Circular does not address any tax considerations of the Arrangement other than certain Canadian federal income tax considerations and certain United States federal income tax considerations. Renewables Shareholders who are resident in (or citizens of) jurisdictions other than Canada or the United States should consult their own tax advisors with respect to the tax implications of the Arrangement, including any associated filing requirements in such jurisdictions. Renewables Shareholders should also consult their own tax advisors regarding provincial, state, local or territorial tax considerations of the Arrangement or of receiving and holding TransAlta Shares.

Q: Are Renewables Shareholders entitled to Dissent Rights?

A: Registered Renewables Shareholders may, upon compliance with certain conditions including those set forth in the Interim Order and in certain circumstances, exercise Dissent Rights. However, failure to strictly comply with the requirements set forth in Section 190 of the Act, as modified by the Interim Order and the Plan of Arrangement, may result in the loss of any right of dissent. It is strongly recommended that any Renewables Shareholders wishing to dissent seek independent legal advice.

See "*Details of the Arrangement – Dissent Rights*".

Q: Who should I contact if I have questions?

A: If you have any questions about the Arrangement or the matters described in the Circular, please contact your professional advisors.

If you have questions about any of the information or require assistance in completing your proxy form or voting instruction form, as the case may be, please do not hesitate to contact Renewables' strategic shareholder advisor and proxy solicitation agent, Kingsdale, at 1-877-659-1821 (toll-free in North America) or 1-647-251-9743 (collect call outside North America) or by email at contactus@kingsdaleadvisors.com.

MANAGEMENT PROXY CIRCULAR

August 25, 2023

INTRODUCTORY INFORMATION

See "*Glossary of Terms*" for the meaning assigned to certain capitalized terms in this Circular.

General

This Circular is furnished in connection with the solicitation of proxies by and on behalf of the management of Renewables, for use at the Meeting and any adjournment(s) or postponement(s) thereof. This Circular has been approved by the Renewables Board. No person has been authorized to give any information or make any representation in connection with the Arrangement other than those contained in this Circular and, if given or made, any such information or representation must not be relied upon as having been authorized by Renewables.

Renewables Shareholders should not construe the contents of this Circular as legal, tax or financial advice and should consult with their own legal, tax, financial and other professional advisors.

Information has been incorporated by reference in this Circular from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained under Renewables' issuer profile on SEDAR at www.sedarplus.ca or on request without charge from Renewables' corporate secretary, at 1400, 1100 – 1st Street S.E. Calgary, Alberta T2G 1B1. The information concerning TransAlta contained or incorporated by reference in this Circular has been provided or publicly filed by TransAlta. Although Renewables has no knowledge that would indicate that any of such information is untrue or incomplete, Renewables does not assume any responsibility for the accuracy or completeness of such information or the failure by TransAlta to disclose events which may have occurred or may affect the completeness or accuracy of such information but which are unknown to Renewables.

This Circular does not constitute an offer to sell or a solicitation of an offer to purchase any securities or the solicitation of a proxy by any person in any jurisdiction in which such an offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such an offer or solicitation of an offer or a proxy solicitation.

All summaries of, and references to, the Arrangement in this Circular are qualified in their entirety by reference to the Arrangement Agreement, a copy of which is attached as Appendix B to this Circular, and the complete text of the Plan of Arrangement, a copy of which is attached as Schedule A to the Arrangement Agreement. **You are urged to carefully read the full text of this Circular, the Arrangement Agreement and the Plan of Arrangement.**

Information contained in this Circular is given as of August 25, 2023 unless otherwise specifically stated.

Forward-looking Statements

The Arrangement is a proposed transaction. Throughout this Circular, any descriptions of the Arrangement, its completion and its effect on TransAlta and Renewables are made on a prospective basis and, in certain cases, are made as if the Arrangement is completed. The completion of the Arrangement is subject to a number of conditions which are described in this Circular and the Arrangement Agreement and Renewables does not give any assurance or guarantee that the Arrangement will be completed even if Renewables Shareholders approve the Arrangement. See the heading "*Other Information Relating to the Arrangement – Risk Factors*" in this Circular.

This Circular, including documents incorporated by reference herein, contains forward-looking statements and information (collectively referred to as "**forward-looking statements**") within the meaning of Applicable Canadian Securities Laws. The use of any of the words "expect", "anticipate", "continue", "estimate", "may", "will", "should", "believe", "plan", "intend", "grow", "focus on", "potential", "maintain", "opportunity",

"strategy", "objective", "goal", "projection" and similar expressions are intended to identify forward-looking statements. More particularly and without limitation, this Circular contains forward-looking statements concerning: the expected completion date of the Arrangement and satisfaction of the conditions thereto, including obtaining approval of the Renewables Shareholders; the expected benefits of the Arrangement, including as it pertains an attractive premium for the Renewables Shareholders, expectations about the combined company's stronger dividend sustainability, payout coverage and pool of assets, the simplified corporate structure, the strength of the power price in Alberta, and enhanced growth opportunities; receipt of the necessary stock exchange approvals for listing of the TransAlta Shares to be issued pursuant to the Arrangement; receipt of the Final Order; receipt of a Certificate of Arrangement from the CBCA Director to give effect to the Arrangement; anticipated costs of the Arrangement; anticipated tax consequences of the Arrangement on Renewables Shareholders; the stock exchange delisting of the Renewables Shares following the Arrangement; the performance of Renewables' and TransAlta's respective businesses, including expected progress on TransAlta's and Renewables' various projects; TransAlta's goals with respect to clean electricity following the Arrangement, including its ability to achieve such goals; the prospects of TransAlta and Renewables should they continue as standalone entities or pursue an alternative transaction; certain combined operational and financial information of TransAlta and Renewables; TransAlta's assets, cost structure, financial position, cash flow, strategy and growth prospects following the completion of the Arrangement; the ability of TransAlta to realize the anticipated benefits from the Arrangement, including growth prospects, cost savings, improved operating and capital efficiencies and integration opportunities, improved access to capital markets and increased trading liquidity; expectations that the Arrangement will reduce corporate complexity and create greater corporate synergies, and that the Arrangement will provide greater transparency and understanding with respect to TransAlta's business and ownership; the board of directors and executive leadership team of TransAlta following completion of the Arrangement, and the ownership interest of the board of directors and executive leadership team of TransAlta in TransAlta following the completion of the Arrangement; TransAlta's plans for Renewables to be a wholly-owned subsidiary of TransAlta following the Arrangement; and other statements that are not historical facts.

Furthermore, the combined and/or *pro forma* information set forth in this Circular should not be interpreted as indicative of the financial position or other results of operations had TransAlta and Renewables operated as a combined entity as at or for the periods presented therein, and such information does not purport to project TransAlta's results of operations for any future period. As such, undue reliance should not be placed on such combined and/or *pro forma* information.

The forward-looking statements included and incorporated by reference in this Circular are based on certain expectations and assumptions made by Renewables, including expectations and assumptions concerning: the failure to receive on a timely basis, or otherwise, any of the government and Regulatory Approvals, shareholder and court approvals for the completion of the Arrangement; the satisfaction of closing conditions for the completion of the Arrangement; the expected benefits from the Arrangement and the time it may take for such benefits to be realized; foreign currency exchange rates and interest rates; the ability of the combined company to obtain the required capital to finance its operations and meet its commitments and financial obligations following completion of the Arrangement; the ability of the combined company to obtain equipment, services, supplies and personnel in a timely manner and at an acceptable cost to carry out its activities following the Arrangement; merchant power prices in Alberta and the Pacific Northwest; the cost and availability of materials used in the construction of renewable energy facilities; that the production from the Renewables' operating facilities will be consistent in all material respects with Renewables' expectations; that there will be no material changes to existing legislation, including the regulatory framework governing electricity generation, transmission and distribution, taxation of renewable power producers, renewable power incentive programs or environmental matters that could adversely impact the renewable power sector as a whole or the applicable tariffs and incentives in any of the jurisdictions in which Renewables, TransAlta or the combined company conduct and will conduct their business; that there will be no material defaults by the counterparties to material agreements with TransAlta or Renewables and such agreements will not be terminated before their scheduled expiry; that general economic and industry conditions in the jurisdictions that TransAlta and Renewables conduct their businesses will remain stable in relation to current general economic and industry conditions; that the

operating and maintenance costs of TransAlta and Renewables will be consistent in all material respects with budgeted amounts; and assumptions regarding TransAlta's current business strategy and priorities.

Although Renewables believes that the expectations and assumptions on which such forward-looking statements are based are reasonable, undue reliance should not be placed on these forward-looking statements because Renewables can give no assurance that they will prove to be correct.

Forward-looking statements are based on expectations, estimates and projections that involve a number of risks and uncertainties which could cause actual results to differ materially from those anticipated due to a number of factors and risks. These material risks and uncertainties relating to the Arrangement include, but are not limited to: the Arrangement may not be completed on the terms anticipated, or at all; the conditions to and approvals for the completion of the Arrangement, including receiving all required shareholder approvals, third-party approvals, regulatory approvals, Court approval, and TSX and NYSE approval for the listing of the TransAlta Shares issuable pursuant to the Arrangement, may not be satisfied or obtained; the Arrangement Agreement may be terminated in certain circumstances; if the Arrangement is not completed, TransAlta's and Renewables' businesses could be disadvantaged or challenged, including the ability of Renewables to maintain its current dividend level; if the Arrangement is not completed, Renewables may not be able to pursue or complete another similar transaction; TransAlta and Renewables will incur costs in connection with the Arrangement even if the Arrangement is not completed; there are risks related to the integration of TransAlta's and Renewables' existing businesses; some or all of the expected benefits of the Arrangement not being realized or may not be realized within the expected timeframes; if the expected benefits are not realized in their entirety or at all, the market price of the TransAlta Shares may be adversely affected; the loss of key employees and the risk that TransAlta may not be able to retain key employees of Renewables following completion of the Arrangement; and risks of owning TransAlta Shares following completion of the Arrangement, including decline in merchant revenue and risks associated with growth of construction.

The foregoing list of material risks and uncertainties is not exhaustive and does not include the risks related to the business of Renewables, TransAlta or the companies on a combined basis. See "*Other Information Relating to the Arrangement – Risk Factors*". As a result, readers should not place undue reliance on the forward-looking statements contained in this Circular. For more information relating to the risks that TransAlta and Renewables are subject to, see the TransAlta AIF and the Renewables AIF, copies of which are available on SEDAR at www.sedarplus.ca under each of their respective SEDAR profiles.

The forward-looking statements in this Circular also include financial outlooks and other forward-looking metrics relating to TransAlta, Renewables, the combined company and the Arrangement, including: the expectations of TransAlta and Renewables regarding the impact of the projected capital expenditures of the combined company, sustaining capital, and general and administrative costs and operating costs. Any financial outlook or future-oriented financial information in this Circular, as defined by Applicable Canadian Securities Laws, has been approved by management of Renewables as of the date of this Circular. Such financial outlook or future oriented financial information is provided for the purpose of providing information about management's current expectations and plans relating to the future. Readers are cautioned that such outlook or information should not be used for purposes other than for which it is disclosed in this Circular.

The forward-looking statements contained herein are expressly qualified in their entirety by this cautionary statement. The forward-looking statements included in this Circular are made as of the date of this Circular and Renewables undertakes no obligation to publicly update such information to reflect new information, subsequent events or otherwise, except as required by applicable securities law.

Supplemental Disclosure – Non-GAAP Measures

This Circular and certain documents incorporated by reference herein make reference to certain non-GAAP financial measures to assist in assessing TransAlta's and Renewables' respective financial performance, such as cash available for distribution, free cash flow and adjusted EBITDA. These financial measures do not have a standardized meaning as prescribed by IFRS. IFRS is considered GAAP for publicly accountable enterprises in Canada. Therefore, these financial measures are considered non-GAAP measures. These

measures may not be comparable to similar measures presented by other issuers. These measures have been described and presented in order to provide shareholders, potential investors and analysts with additional measures for analyzing the Arrangement and the combined company's ability to generate funds to finance its operations and information regarding its liquidity. Such information should not be considered in isolation or as a substitute for measures prepared in accordance with GAAP. Certain additional disclosures for these non-GAAP financial measures have been incorporated by reference and can be found: (a) with respect to TransAlta, on page M27 under the "Additional IFRS Measures and Non-IFRS Measures" section and page M29 under the "Reconciliation of Non-IFRS Measures on a Consolidated Basis by Segment" section of the TransAlta Interim MD&A, available on SEDAR at www.sedarplus.ca, on the SEC website at www.sec.gov, and on TransAlta's website under the Investor Centre; and (b) with respect to Renewables, on page M11 under the "Non-IFRS Measures" section and on page M12 under the "Reconciliation of Non-IFRS Measures" sections of the Renewables Interim MD&A, available on SEDAR at www.sedarplus.ca.

Information for United States Shareholders

The TransAlta Shares to be issued under the Arrangement will not be registered under the 1933 Act or Applicable U.S. Securities Laws. Such securities will instead be issued in reliance upon the exemption from registration provided by Section 3(a)(10) of the 1933 Act. The TransAlta Shares to be issued under the Arrangement will be freely transferable under United States federal securities laws, except that the 1933 Act imposes restrictions on the resale of TransAlta Shares received pursuant to the Arrangement by persons who are, become after the consummation of the Arrangement or within 90 days of the Effective Time have been, "affiliates" of TransAlta. See "*Details of the Arrangement – Securities Law Matters – United States*" in this Circular.

Renewables is a company existing under the laws of Canada. The solicitation of proxies and the transactions contemplated in this Circular involve securities of Canadian issuers that are being effected in accordance with applicable securities laws of Canada. The proxy solicitation rules under the *United States Securities Exchange Act of 1934*, as amended, are not applicable to either Renewables or this solicitation and therefore this solicitation is not being effected in accordance with Applicable U.S. Securities Laws. Renewables Shareholders residing in the United States should be aware that this Circular has been prepared in accordance with the disclosure requirements under Applicable Canadian Securities Laws, which may be different from such requirements under U.S. corporate and securities laws. Similarly, Renewables Shareholders residing in the United States should also be aware that requirements under the corporate and securities laws of Canada may differ from the requirements under U.S. corporate and securities laws.

The enforcement by investors of civil liabilities under U.S. securities laws may be affected adversely by the fact that Renewables exists under the laws of Canada, that most of its officers and directors are not residents of the United States and that a substantial portion of its assets are located outside the United States. Renewables Shareholders residing in the United States may not be able to sue a Canadian company or its officers or directors in a Canadian court for violations of U.S. securities laws. It may be difficult to compel a Canadian company and its affiliates to be subject to a judgment by a U.S. court.

Renewables Shareholders should be also aware that the transactions contemplated herein may have tax consequences both in Canada and in the United States. Certain information concerning the United States tax consequences of the Arrangement for Renewables Shareholders who are citizens or residents of the United States is set forth under the heading "*Other Information Relating to the Arrangement – Certain United States Federal Income Tax Considerations*" in this Circular, but such consequences may not be described fully herein. Certain information concerning the Canadian tax consequences of the Arrangement for Renewables Shareholders who are or are not residents of Canada is set forth under the heading "*Other Information Relating to the Arrangement – Certain Canadian Federal Income Tax Considerations*" in this Circular, but such consequences may not be described fully herein. All Renewables Shareholders should consult with their own legal, tax, financial and accounting advisors to determine the particular tax consequences applicable to them of the transactions contemplated by the Arrangement.

Financial statements of TransAlta and Renewables included or incorporated by reference herein have been prepared in accordance with IFRS as issued by the International Accounting Standards Board. IFRS differs in certain material respects from U.S. generally accepted accounting principles ("**U.S. GAAP**") and, as such, our financial statements and the financial information derived therefrom may not be comparable to the financial statements and financial information of U.S. companies prepared in accordance with U.S. GAAP. As the SEC has adopted rules to accept, from foreign private issuers such as TransAlta and Renewables, financial statements prepared in accordance with IFRS without reconciliation to U.S. GAAP, this Circular does not include an explanation of the principal differences between, or any reconciliation of, IFRS and U.S. GAAP. The audited financial statements included or incorporated by reference herein were audited in accordance with Canadian auditor independence standards, which differ from United States auditor independence standards.

THE SECURITIES CONTEMPLATED HEREBY HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SEC OR THE SECURITIES REGULATORY AUTHORITY OF ANY STATE OF THE UNITED STATES, NOR HAS THE SEC OR ANY SUCH STATE SECURITIES REGULATORY AUTHORITY PASSED ON THE ADEQUACY OR ACCURACY OF THIS CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE.

Currency

Except as otherwise indicated, all dollar amounts in this Circular are expressed in Canadian dollars. The following table sets forth: (a) the rates of exchange for Canadian dollars, expressed in United States dollars, in effect at the end of each of the periods indicated; and (b) the high, low and average exchange rates during each such period, based on the daily average exchange rate, published on the Bank of Canada's website as being in effect on each trading day.

	Three and Six Months Ended June 30			Year Ended December 31	
	2023	2022	2021	2022	2021
Rate at end of period.....	US$0.7553	US$0.7760	US$0.8068	US$0.7383	US$0.7888
Average rate during period	US$0.7421	US$0.7866	US$0.8023	US$0.7692	US$0.7980
High	US$0.7604	US$0.8031	US$0.8306	US$0.8031	US$0.8306
Low.....	US$0.7243	US$0.7669	US$0.7795	US$0.7217	US$0.7727

On August 24, 2023 the Bank of Canada exchange rate for $1.00 Canadian dollar was $0.7372 United States dollars.

GLOSSARY OF TERMS

"**1933 Act**" means the *United States Securities Act* of 1933, including the rules and regulations promulgated thereunder, as amended from time to time;

"**Acquisition Proposal**" means, other than the transactions contemplated by the Arrangement Agreement, any *bona fide* direct or indirect offer, proposal or inquiry from any person or group of persons (other than TransAlta or its affiliates) after the date of the Arrangement Agreement relating to:

(a) any sale or disposition (or any partnership, lease, license, long-term supply agreement or other arrangement having the same economic effect as a sale) of:

(i) assets representing 20% or more of the consolidated assets or contributing 20% or more of the consolidated revenue of Renewables and its subsidiaries in respect of the 12-month period ended March 31, 2023; or

(ii) 20% or more of any class of voting securities of Renewables or any of its subsidiaries (or rights or interests therein or thereto);

(b) any plan of arrangement, take-over bid, tender offer, exchange offer or other transaction that, if consummated, would result in a person or group of persons beneficially owning 20% or more of any class of voting securities of Renewables or any of its subsidiaries;

(c) any plan of arrangement, merger, amalgamation, consolidation, share exchange, business combination, reorganization, recapitalization, liquidation, dissolution, winding up or other similar transaction involving Renewables and/or any of its subsidiaries representing or contributing, individually or in the aggregate, 20% or more of the consolidated assets or revenues, as applicable, of Renewables in respect of the 12 month period ended March 31, 2023;

(d) any other similar transaction or series of transactions involving Renewables or any of its subsidiaries; or

(e) any other transaction, the completion of which would or would reasonably be expected to impede, interfere with, prevent or delay the transactions contemplated by the Arrangement Agreement or the Arrangement,

in each case, excluding the Arrangement and the transactions contemplated thereby;

"**Act**" means the *Canada Business Corporations Act*, R.S.C., 1985, c C-44, as amended from time to time;

"**allowable capital loss**" has the meaning ascribed thereto under "*Other Information Relating to the Arrangement – Certain Canadian Federal Income Tax Considerations – Holders Resident in Canada – Taxation of Capital Gains and Losses*";

"**Applicable Canadian Securities Laws**" in the context that refers to one or more persons, means, collectively, and as the context may require, the securities legislation of each of the provinces of Canada, and all rules, regulations, instruments, notices, blanket orders and policies published and/or promulgated thereunder, as amended from time to time prior to the Effective Date, that apply to such person or persons or its business, undertaking, property or securities and emanate from a Governmental Authority having jurisdiction over the person or persons or its business, undertaking, property or securities;

"**Applicable Laws**" in the context that refers to one or more persons, means any domestic or foreign, national, federal, state, provincial, municipal, regional or local law (statutory, common, or otherwise), constitution, treaty, convention, ordinance, code, rule, regulation, order, injunction, judgment, decree, ruling or other similar requirement enacted, adopted, promulgated, or applied by a Governmental Authority, that

is binding upon or applicable to such person or persons or its business or their business, undertaking, property or securities and, to the extent that they have the force of law, policies, guidelines, notices and protocols of any Governmental Authority;

"**Applicable U.S. Securities Laws**" in the context that refers to one or more persons, means, collectively, and as the context may require, the federal and state securities legislation of the United States and all rules, regulations and orders promulgated thereunder, as amended from time to time prior to the Effective Date, that apply to such person or persons or its business, undertaking, property or securities and emanate from a Governmental Authority having jurisdiction over the person or persons or its business, undertaking, property or securities;

"**Arrangement**" means the arrangement pursuant to Section 192 of the Act on the terms and subject to the conditions set out in the Plan of Arrangement, subject to any amendments or variations made in accordance with the terms of the Arrangement Agreement, Article 7 of the Plan of Arrangement, a copy of which is attached as Schedule A to Appendix B of this Circular, or made at the direction of the Court in the Final Order;

"**Arrangement Agreement**" means the arrangement agreement dated July 10, 2023 between TransAlta and Renewables with respect to the Arrangement (including the schedules thereto) as supplemented, modified or amended from time to time in accordance with its terms, a copy of which is attached as Appendix B to this Circular;

"**Arrangement Resolution**" means the special resolution of the Renewables Shareholders approving the Arrangement to be considered at the Meeting, and the amendment to the Renewables DSU Plan in connection therewith, the full text of which is attached as Appendix A to this Circular;

"**Articles of Arrangement**" means the articles of arrangement of Renewables in respect of the Arrangement required by subsection 192(6) of the Act to be sent to the CBCA Director after the Final Order is made, which shall include the Plan of Arrangement;

"**AUC**" means the Alberta Utilities Commission;

"**AUC Approval**" means approval from the AUC under section 101(2)(a) of the PUA;

"**BHP**" has the meaning ascribed thereto under "*The Arrangement – Background to the Arrangement*";

"**Business Day**" means a day other than a Saturday, Sunday or a statutory holiday in the Province of Alberta;

"**CBCA Director**" means the Director appointed under Section 260 of the Act;

"**Certificate of Arrangement**" means the Certificate of Arrangement issued by the CBCA Director pursuant to subsection 192(7) of the Act in respect of the Articles of Arrangement, giving effect to the Arrangement;

"**Circular**" means this management proxy circular of Renewables dated August 25, 2023 to be sent to the Renewables Shareholders in connection with the Meeting;

"**Code**" means the *U.S. Internal Revenue Code of 1986*, as amended;

"**Confidentiality Agreement**" means the common interest privilege and confidentiality agreement dated December 31, 2021 between the Parties;

"**Convention**" means the *Convention Between the United States of America and Canada with Respect to Taxes on Income and Capital* (1980), as amended;

"**Court**" means the Court of King's Bench of Alberta;

"**CRA**" has the meaning ascribed thereto under "*Other Information Relating to the Arrangement – Certain Canadian Federal Income Tax Considerations*";

"**DBRS**" means Dominion Bond Rating Service Limited;

"**Depositary**" means Computershare Investor Services Inc.;

"**Dissent Rights**" means the right of a registered Renewables Shareholder to dissent with respect to the Arrangement Resolution and to be paid by TransAlta the fair value of the Renewables Shares in respect of which the Renewables Shareholder dissents, granted pursuant to the Interim Order, all in accordance with Section 190 of the Act (as modified by the Interim Order), the Interim Order and Article 4 of the Plan of Arrangement;

"**Dissenting Non-Resident Holder**" has the meaning ascribed thereto under "*Other Information Relating to the Arrangement – Certain Canadian Federal Income Tax Considerations – Holders Resident in Canada – Dissenting Non-Resident Holders of Renewables Shares*";

"**Dissenting Resident Holder**" has the meaning ascribed thereto under "*Other Information Relating to the Arrangement – Certain Canadian Federal Income Tax Considerations – Holders Resident in Canada – Dissenting Resident Holders of Renewables Shares*";

"**Dissenting Shareholder**" means a registered Renewables Shareholder who has duly and validly exercised its Dissent Rights in strict compliance with Section 190 of the Act, the Interim Order and Article 4 of the Plan of Arrangement, and who has not withdrawn or been deemed to have withdrawn such exercise of Dissent Rights;

"**DRS**" means direct registration system;

"**EDGAR**" means the Electronic Data Gathering Analysis and Retrieval System maintained by the SEC available at www.sec.gov/edgar.shtml;

"**Effective Date**" means the date shown on the Certificate of Arrangement giving effect to the Arrangement;

"**Effective Time**" means the time at which the Arrangement becomes effective on the Effective Date pursuant to the Act;

"**Elected Amount**" has the meaning ascribed thereto under "*Other Information Relating to the Arrangement – Certain Canadian Federal Income Tax Considerations – Holders Resident in Canada – Joint Tax Election*";

"**Electing Holder**" has the meaning ascribed thereto under "*Other Information Relating to the Arrangement – Certain Canadian Federal Income Tax Considerations – Holders Resident in Canada – Joint Tax Election*";

"**Election Deadline**" means 5:00 p.m. (Calgary time) on the date of the Meeting or, if the Meeting is adjourned or postponed, such time on the Business Day of such adjourned or postponed meeting if the Effective Date is to be more than two Business Days following the date of the Meeting or such time on the Business Day immediately prior to the date of such adjourned or postponed meeting if the Effective Date is to occur within two Business Days of the date of the Meeting;

"**FHSA**" has the meaning ascribed thereto under "*Other Information Relating to the Arrangement – Certain Canadian Federal Income Tax Considerations – Holders Resident in Canada – Eligibility for Investment*";

"**Fifth Offer**" has the meaning ascribed thereto under "*The Arrangement – Background to the Arrangement*";

"**Final Offer**" has the meaning ascribed thereto under "*The Arrangement – Background to the Arrangement*";

"**Final Order**" means a final order of the Court in respect of the Arrangement pursuant to subsection 192(4)(e) of the Act, as such order may be amended by the Court at any time prior to the Effective Date;

"**First Counterproposal**" has the meaning ascribed thereto under "*The Arrangement – Background to the Arrangement*";

"**First Offer**" has the meaning ascribed thereto under "*The Arrangement – Background to the Arrangement*";

"**forward-looking statements**" has the meaning ascribed thereto under "*Introductory Information – Forward-looking Statements*";

"**Fourth Offer**" has the meaning ascribed thereto under "*The Arrangement – Background to the Arrangement*";

"**Governance and Cooperation Agreement**" means the Governance and Cooperation Agreement dated August 9, 2013 between TransAlta and Renewables;

"**Governmental Authority**" means:

(a) any international, multinational, national, federal, provincial, state, regional, municipal, local or other government, governmental or public department, ministry, central bank, court, tribunal, arbitral body, commission, commissioner, board, bureau or agency, domestic or foreign;

(b) any subdivision, agency, agent or authority of any of the foregoing; or

(c) any quasi-governmental or private body, including any tribunal, commission, regulatory agency, stock exchange or self-regulatory organization, exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing including, for greater certainty, the Securities Authorities, the TSX, the NYSE, the AUC and any applicable regional reliability entity, electric system operator, public utilities commission, public service commission or equivalent entity;

"**GW**" means gigawatt;

"**Holder**" has the meaning ascribed thereto under "*Other Information Relating to the Arrangement – Certain Canadian Federal Income Tax Considerations*";

"**IFRS**" means Canadian generally accepted accounting principles for publicly accountable enterprises, being International Financial Reporting Standards as adopted by the Canadian Accounting Standards Board;

"**Interim Order**" means the interim order of the Court pursuant to subsection 192(4)(c) of the Act, as such order may be affirmed, amended or modified by the Court, concerning the Arrangement and providing for, among other things, the calling and holding of the Meeting, a copy of which is attached as Appendix C to this Circular;

"**IRS**" has the meaning ascribed thereto under "*Other Information Relating to the Arrangement – Certain United States Federal Income Tax Considerations*";

"**Joint Tax Election**" has the meaning ascribed thereto under "*Other Information Relating to the Arrangement – Certain Canadian Federal Income Tax Considerations*";

"**Kingsdale**" means Kingsdale Advisors, the strategic shareholder advisor and proxy solicitation company retained by Renewables to act as proxy solicitation and information agent for the Meeting;

"**Letter of Transmittal**" means the letter of transmittal and election form sent to Renewables Shareholders to surrender the certificate(s) or DRS advice(s) formerly representing their Renewables Shares and elect to receive, on completion of the Arrangement, in exchange for each Renewables Share, the Renewables Cash Consideration or the Renewables Share Consideration, subject to pro-rationing as set forth in Section 3.3 of the Plan of Arrangement;

"**Liens**" means any hypothecs, mortgages, pledges, assignments, liens, charges, security interests, encumbrances and adverse rights or claims, other third person interests or encumbrances of any kind, whether contingent or absolute, and any agreement, options, rights or privileges (whether by Applicable Law, contract or otherwise) capable of becoming any of the foregoing;

"**Management Services Agreement**" means the Management, Administrative and Operational Services Agreement dated August 9, 2013 between TransAlta and Renewables, as amended on May 7, 2015, January 6, 2016, February 28, 2020 and August 19, 2020;

"**Material Adverse Change**" or "**Material Adverse Effect**" means, with respect to a Party, any effect, change, event, development, circumstance or occurrence that, individually or in the aggregate with such other effects, changes, events, developments, circumstances or occurrences is, or would reasonably be expected to:

(a) be material and adverse to the current or future financial condition, business, operations, results of operations, assets, properties, capitalization, condition (financial or otherwise), liabilities (contingent or otherwise), or cash flows of such Party and its subsidiaries, taken as a whole, other than any effect, change, event, development, circumstance or occurrence resulting from:

(i) any condition or change in conditions generally affecting the industries in which such Party and any of its subsidiaries operate;

(ii) any change in general economic, business, regulatory, political, currency, credit, securities or market conditions or in national or global financial, capital or credit markets;

(iii) any decline in electricity or commodity prices on a current or forward basis;

(iv) any matter in respect of which there has been disclosure in writing to the Other Party;

(v) changes in Applicable Laws (including tax laws and any changes to carbon prices or carbon taxes applicable to such Party or any of its subsidiaries);

(vi) any downgrade of, or announcement of any intention to review, any credit rating of a Party or any of its subsidiaries (it being understood that the causes underlying such downgrade or review may be taken into account in determining whether a Material Adverse Effect has occurred);

(vii) any changes in IFRS or to applicable accounting regulations or principles, or in the interpretation or enforcement thereof, after the date of the Arrangement Agreement;

(viii) any change in the market price or trading volume of any securities of such Party (it being understood that the causes underlying such change in market price or trading volume may be taken into account in determining whether a Material Adverse Effect has occurred);

(ix) the failure of a Party to meet any internal or published forecasts, projections or estimates of revenues, earnings or cash flows, funds from operations, free cash

flow, plant availability or generation of electricity (it being understood that the causes underlying such failure may be taken into account in determining whether a Material Adverse Effect has occurred);

(x) any acts of God, riots, terrorism, sabotage, natural disasters, epidemics, pandemic (including the COVID-19 pandemic), disease outbreak or similar public health crisis or public health event, military action or war (whether or not declared), change in global, national or regional political conditions, civil unrest, or disturbances or similar event or escalation or worsening thereof;

(xi) any matter which has been publicly disclosed in a SEDAR or EDGAR filing made prior to the date of the Arrangement Agreement that is available for public viewing under the Party's issuer profile on SEDAR or EDGAR (other than a matter which has been publicly disclosed as a risk factor or under a forward-looking information cautionary statement);

(xii) any changes or effects arising from matters expressly permitted or contemplated by the Arrangement Agreement or consented to or approved in writing by the Other Party; or

(xiii) the entry into, announcement, consummation or performance of, or failure to enter into or consummate, the Arrangement Agreement and the transactions contemplated hereby, including any impact on relationships, contractual or otherwise, with customers, suppliers, distributors, lenders, partners, Governmental Authorities or employees or any litigation related to the transactions contemplated by the Arrangement Agreement or actions taken or requirements imposed by any Governmental Authority in connection with the Arrangement Agreement and the transactions contemplated hereby;

provided, however, that in each case, the causes underlying such changes may be considered to determine whether such causes constitute a Material Adverse Change or a Material Adverse Effect and where, in the case of (i), (ii), (iii), (v), (vii) and (x), such effect relating to or resulting from the foregoing does not have a disproportionate effect on the current or future financial condition, business, operations, results of operations, assets, properties, capitalization, condition (financial or otherwise), liabilities (contingent or otherwise) or cash flows of such Party and its subsidiaries, taken as a whole, as compared to the corresponding effect on comparable persons operating in the industries and geographic areas in which such Party or any of its affiliates operate; or

(b) materially impair the ability of such Party to consummate the transactions contemplated by the Arrangement Agreement or that would materially impair, delay or impact its ability to perform its obligations under the Arrangement Agreement by the Outside Date;

"**Meeting**" means the special meeting of the Renewables Shareholders (including any adjournment(s) or postponement(s) thereof) to be called and held to consider and, if thought fit, to approve the Arrangement Resolution described in this Circular;

"**MI 61-101**" means Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*;

"**Moody's**" means Moody's Investor Service;

"**MW**" means megawatt;

"**NBF**" means National Bank Financial Inc., financial advisor to the Renewables Special Committee;

"**NBF Formal Valuation and Fairness Opinion**" means the formal valuation of the Renewables Shares delivered to the Renewables Special Committee and prepared by NBF in accordance with the requirements of MI 61-101 for a formal valuation in respect of the transactions contemplated herein and in the

Arrangement Agreement, and which includes a fairness opinion of NBF dated July 10, 2023, a copy of which is attached as Appendix E to this Circular;

"**Non-Resident Holder**" has the meaning ascribed thereto under "*Other Information Relating to the Arrangement – Certain Canadian Federal Income Tax Considerations – Holders Not Resident in Canada*";

"**Non-U.S. Renewables DSU Holder**" means a Renewables DSU Holder that is not subject to taxation in the United States of America;

"**Notice of Originating Application**" means the notice of originating application by Renewables to the Court for the Final Order which accompanies this Circular;

"**NYSE**" means the New York Stock Exchange;

"**Other Party**" means: (a) with respect to TransAlta, Renewables; and (b) with respect to Renewables, TransAlta;

"**Outside Date**" means December 31, 2023 or such later date as may be agreed to in writing by the Parties, provided that if the Effective Time has not occurred by such date but all conditions of closing with the exception of the receipt of the Regulatory Approvals have been satisfied, and it is reasonable to conclude that such pending approval(s) will be obtained, any Party who is not in default hereunder may extend the Outside Date (upon giving notice thereof to the Other Party) for up to an additional 45 days, and at the end of that 45 days, the Outside Date may be extended for another 45 days by any non-defaulting Party under the same circumstances, but not beyond March 31, 2024;

"**Party**" means either TransAlta or Renewables and "**Parties**" means both of them;

"**person**" includes an individual, limited or general partnership, limited liability company, limited liability partnership, trust, joint venture, association, body corporate, unincorporated organization, trustee, executor, administrator, legal representative, government (including any Governmental Authority) or any other entity, whether or not having legal status;

"**PFIC**" has the meaning ascribed thereto under "*Other Information Relating to the Arrangement – Certain United States Federal Income Tax Considerations – Tax Considerations Relating to the Arrangement if Renewables is Classified as a PFIC*";

"**Plan of Arrangement**" means the plan of arrangement under Section 192 of the Act, substantially in the form set out in Schedule A to the Arrangement Agreement and any amendments or variations made in accordance with the Arrangement Agreement, Article 7 of the Plan of Arrangement or made at the direction of the Court in the Final Order;

"**Proposed Amendments**" has the meaning ascribed thereto under "*Other Information Relating to the Arrangement – Certain Canadian Federal Income Tax Considerations*";

"**Proposed Transaction**" has the meaning ascribed thereto under "*The Arrangement – Background to the Arrangement*";

"**Proxy Deadline**" means 10:00 a.m. (Calgary time) on September 22, 2023 or 48 hours (excluding Saturdays, Sundays and statutory holidays in the Province of Alberta) prior to the time of any adjournment(s) or postponement(s) of the Meeting;

"**PUA**" means the *Public Utilities Act*, R.S.A. 2000, c P-45;

"**RBC**" has the meaning ascribed thereto under "*The Arrangement – Background to the Arrangement*";

"**RDSP**" has the meaning ascribed thereto under "*Other Information Relating to the Arrangement – Certain Canadian Federal Income Tax Considerations – Holders Resident in Canada – Eligibility for Investment*";

"**Registered Plans**" has the meaning ascribed thereto under "*Other Information Relating to the Arrangement – Certain Canadian Federal Income Tax Considerations – Holders Resident in Canada – Eligibility for Investment*";

"**Regulatory Approvals**" means,

(a) the AUC Approval;

(b) the conditional approval of each of the TSX and the NYSE for the listing of the TransAlta Shares issuable in connection with the Arrangement, subject only to customary conditions reasonably expected to be satisfied; and

(c) such other approvals (including the lapse, without objection, of a prescribed time under any law that states that a transaction may be implemented if a prescribed time lapses following the giving of notice without an objection being made) required in connection with the execution, delivery or performance of the Arrangement Agreement or the consummation of the transactions contemplated by the Arrangement Agreement;

"**Renewables**" means TransAlta Renewables Inc., a corporation incorporated under the Act;

"**Renewables 2021 Annual MD&A**" means the management's discussion and analysis of Renewables for the year ended December 31, 2021 dated February 23, 2022;

"**Renewables 2022 Annual MD&A**" means the management's discussion and analysis of Renewables for the year ended December 31, 2022 dated February 22, 2023 incorporated by reference into this Circular;

"**Renewables AIF**" means the annual information form of Renewables for the year ended December 31, 2022 dated February 22, 2023 incorporated by reference into this Circular;

"**Renewables Board**" means the board of directors of Renewables as it may be comprised from time to time;

"**Renewables Cash Consideration**" means $13.00 in cash per Renewables Share;

"**Renewables DSU Holder**" means a holder of one or more Renewables DSUs;

"**Renewables DSU Plan**" means Renewables' Deferred Share Unit Plan adopted as of October 29, 2013, as amended and restated effective October 25, 2021;

"**Renewables DSUs**" means deferred share units issued pursuant to the Renewables DSU Plan;

"**Renewables Financial Advisors**" means NBF and TD, financial advisors to the Renewables Special Committee;

"**Renewables Interested Parties**" means TransAlta, the directors and senior officers of TransAlta, any TransAlta Shareholder holding more than 10% of the issued and outstanding TransAlta Shares and any other person who is an "interested party" or a "related party" of an "interested party" in relation to Renewables with respect to the Arrangement within the meaning of MI 61-101 and includes associates and affiliates thereof (as defined in Applicable Canadian Securities Laws);

"**Renewables Interim MD&A**" means the management's discussion and analysis for the three and six month period ended June 30, 2023 dated August 2, 2023 incorporated by reference into this Circular;

"**Renewables Lock-up Agreements**" means the support agreements separately entered into between TransAlta and each director of Renewables, respectively, concurrently with the execution and delivery of the Arrangement Agreement, pursuant to which each such director has agreed, among other things, to vote or cause to be voted all of their respective Renewables Shares, beneficially owned or controlled, in favour

of the Arrangement Resolution and to otherwise support the Arrangement, substantially in the form attached as Appendix J to this Circular;

"**Renewables Share Consideration**" means 1.0337 TransAlta Shares per Renewables Share;

"**Renewables Shareholders**" means the holders of Renewables Shares;

"**Renewables Shares**" means the common shares in the capital of Renewables;

"**Renewables Special Committee**" means the special committee of independent directors of the Renewables Board, currently consisting of David Drinkwater, Allen Hagerman (as Chair of the Renewables Special Committee), Georganne Hodges, and Susan Ward;

"**Representatives**" has the meaning ascribed thereto under "*Details of the Arrangement – The Arrangement Agreement – Additional Covenant of Renewables Regarding Non-Solicitation*";

"**Resident Holder**" has the meaning ascribed thereto under "*Other Information Relating to the Arrangement – Certain Canadian Federal Income Tax Considerations – Holders Resident in Canada*";

"**RESP**" has the meaning ascribed thereto under "*Other Information Relating to the Arrangement – Certain Canadian Federal Income Tax Considerations – Holders Resident in Canada – Eligibility for Investment*";

"**RRIF**" has the meaning ascribed thereto under "*Other Information Relating to the Arrangement – Certain Canadian Federal Income Tax Considerations – Holders Resident in Canada – Eligibility for Investment*";

"**RRSP**" has the meaning ascribed thereto under "*Other Information Relating to the Arrangement – Certain Canadian Federal Income Tax Considerations – Holders Resident in Canada – Eligibility for Investment*";

"**S&P**" means S&P Global Ratings;

"**SEC**" means the United States Securities and Exchange Commission;

"**Second Counterproposal**" has the meaning ascribed thereto under "*The Arrangement – Background to the Arrangement*";

"**Second Offer**" has the meaning ascribed thereto under "*The Arrangement – Background to the Arrangement*";

"**Securities**" has the meaning ascribed thereto under "*Other Information Relating to the Arrangement – The Arrangement Agreement – Certain Canadian Federal Income Tax Considerations*";

"**Securities Authorities**" means, collectively, the Alberta Securities Commission, the SEC, and the applicable securities commissions or similar securities regulatory authority of a province, state or territory of Canada or the United States;

"**SEDAR**" means the System for Electronic Document Analysis and Retrieval+ available at www.sedarplus.ca;

"**Sixth Offer**" has the meaning ascribed thereto under "*The Arrangement – Background to the Arrangement*";

"**Superior Proposal**" means any unsolicited *bona fide* written Acquisition Proposal made after the date of the Arrangement Agreement that did not result from or involve a breach of Section 3.4 of the Arrangement Agreement: (a) involving the direct or indirect acquisition of not less than all of the outstanding Renewables Shares not owned by TransAlta and its subsidiaries, or all or substantially all of the assets of Renewables;

(b) that complies with all Applicable Canadian Securities Laws and Applicable U.S. Securities Laws; and (c) that the Renewables Board determines (upon recommendation by the Renewables Special Committee) in good faith: (i) is reasonably capable of being completed at the time and on the basis set out therein, taking into account all financial, legal, regulatory and other aspects of such proposal and the party making such Acquisition Proposal; (ii) in respect of which it has been demonstrated to the reasonable satisfaction of the Renewables Board, that adequate arrangements have been made in respect of any financing required to complete such Acquisition Proposal, if any; (iii) that is not subject to any due diligence condition; and (iv) in respect of which the Renewables Board determines, in its good faith judgment, after receiving the advice of its financial advisors and after taking into account all of the terms and conditions of such Acquisition Proposal, including all legal, financial, regulatory and other aspects of such Acquisition Proposal and the party making such Acquisition Proposal, would or would be reasonably expected to, if consummated in accordance with its terms, but without assuming away the risk of non-completion, result in a transaction more favourable, from a financial point of view, to the Renewables Shareholders (other than TransAlta and its subsidiaries) than the Arrangement (including any amendments to the terms and conditions of the Arrangement proposed by TransAlta pursuant to Subsection 3.4(e) of the Arrangement Agreement);

"**Tax Act**" means the *Income Tax Act*, R.S.C. 1985 c.1 (5th Supp.) and the regulations promulgated thereunder, each as amended;

"**Tax Election Deadline**" has the meaning ascribed thereto under "*Other Information Relating to the Arrangement – Certain Canadian Federal Income Tax Considerations – Holders Resident in Canada – Joint Tax Election*";

"**taxable capital gain**" has the meaning ascribed thereto under "*Other Information Relating to the Arrangement – Certain Canadian Federal Income Tax Considerations – Holders Resident in Canada – Taxation of Capital Gains and Losses*";

"**TD**" means TD Securities Inc., financial advisor to the Renewables Special Committee;

"**TD Fairness Opinion**" means the fairness opinion of TD dated July 10, 2023 delivered to the Renewables Special Committee, a copy of which is attached as Appendix F to this Circular;

"**TFSA**" has the meaning ascribed thereto under "*Other Information Relating to the Arrangement – Certain Canadian Federal Income Tax Considerations – Holders Resident in Canada – Eligibility for Investment*";

"**Third Counterproposal**" has the meaning ascribed thereto under "*The Arrangement – Background to the Arrangement*";

"**Third Offer**" has the meaning ascribed thereto under "*The Arrangement – Background to the Arrangement*";

"**TransAlta**" means TransAlta Corporation, a corporation incorporated under the Act;

"**TransAlta 2021 Annual MD&A**" means the management's discussion and analysis of TransAlta for the year ended December 31, 2021 dated February 23, 2022;

"**TransAlta 2022 Annual MD&A**" means the management's discussion and analysis of TransAlta for the year ended December 31, 2022 dated February 22, 2023 incorporated by reference into this Circular;

"**TransAlta AIF**" means the annual information form of TransAlta for the year ended December 31, 2022 dated February 22, 2023 incorporated by reference into this Circular;

"**TransAlta Board**" means the board of directors of TransAlta as it may be comprised from time to time;

"**TransAlta Damages Event**" has the meaning ascribed thereto under "*Details of the Arrangement – The Arrangement Agreement – TransAlta Damages Fee*";

"**TransAlta Damages Fee**" has the meaning ascribed thereto under "*Details of the Arrangement – The Arrangement Agreement – TransAlta Damages Fee*";

"**TransAlta Interim MD&A**" means the management's discussion and analysis of TransAlta for the three and six month period ended June 30, 2023 dated August 3, 2023 incorporated by reference into this Circular;

"**TransAlta Shareholders**" means the holders of TransAlta Shares;

"**TransAlta Shares**" means the common shares in the capital of TransAlta;

"**TSX**" means the Toronto Stock Exchange;

"**U.S. GAAP**" has the meaning ascribed thereto under "*Introductory Information – Information for United States Shareholders*";

"**U.S. Holder**" has the meaning ascribed thereto under "*Other Information Relating to the Arrangement – Certain United States Federal Income Tax Considerations – U.S. Holders*";

"**U.S. Renewables DSU Holder**" means a Renewables DSU Holder who is subject to taxation in the United States of America; and

"**VWAP**" has the meaning ascribed thereto under "*The Arrangement – Background to the Arrangement*".

SUMMARY

The following is a summary of the contents of this Circular. This summary is provided for convenience only and the information contained in this summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information contained in this Circular including the appendices which are incorporated herein and form part of this Circular. Certain terms used herein and not otherwise defined are defined in the "Glossary of Terms".

The Meeting

Renewables is convening and conducting the Meeting virtually via live audio webcast at web.lumiagm.com/450755248, password "transalta2023" (case sensitive), at 10:00 a.m. (Calgary time) on September 26, 2023 to consider and vote upon the Arrangement Resolution. Renewables Shareholders will not be able to attend the Meeting in person.

Record Date

Only Renewables Shareholders of record at the close of business on August 24, 2023 will be entitled to receive notice of and vote at the Meeting, or any adjournment(s) or postponement(s) thereof.

The Arrangement

The Arrangement is to be effected pursuant to the Arrangement Agreement. If the Arrangement Resolution is approved by the requisite majorities of Renewables Shareholders and by the Court, and, subject to the other conditions described under *"Details of the Arrangement – Procedure for the Arrangement to Become Effective"*, the Arrangement will be effected pursuant to the terms of the Plan of Arrangement and the Arrangement Agreement. The Plan of Arrangement is set out as Schedule A to the Arrangement Agreement, which is attached as Appendix B to this Circular.

The Arrangement provides for the acquisition by TransAlta of all of the Renewables Shares not already owned by it, directly or indirectly, for consideration in respect of each such Renewables Share consisting of either the Renewables Share Consideration or the Renewables Cash Consideration.

Background to the Arrangement

The execution of the Arrangement Agreement with TransAlta on July 10, 2023 represented the culmination of a series of interactions focused on the terms of a potential transaction between TransAlta and Renewables that commenced in September 2020 when Renewables initially received a combination proposal from TransAlta. From that date forward, TransAlta and the Renewables Special Committee engaged in arm's length negotiations with the assistance of their respective financial and legal advisors. See "*The Arrangement – Background to the Arrangement*".

Selected *Pro Forma* Information Relating to TransAlta after Giving Effect to the Arrangement

TransAlta, upon completion of the Arrangement, is expected to be more competitive as a single, streamlined, publicly-listed entity with a common strategic path to achieve its clean electricity growth objectives. The Arrangement will align, clarify and enhance management's strategic focus and efforts in the marketing, development, construction, operation and maintenance of generation assets to serve customers with clean and reliable electricity. The combined company will have a consolidated diversified portfolio of 6.7 GW of generation assets, including wind, hydro, solar, storage and natural gas, all backed by an aligned strategy that allows shareholders of the combined company to benefit from a consolidated development pipeline in excess of 4.5 GW of clean electricity projects and early-stage investments in new technologies.

Pro Forma Financial Information

Pro forma consolidated financial information of TransAlta, after giving effect to the Arrangement, is contained in the unaudited *pro forma* consolidated financial statements of TransAlta for the year ended December 31, 2022 and as at and for the three and six months ended June 30, 2023 included in Appendix I to this Circular. Adjustments made in the preparation of the unaudited *pro forma* consolidated financial statements of TransAlta are based on certain assumptions. Both the adjustments and the assumptions made in respect thereof are described in the notes to the unaudited *pro forma* consolidated financial statements. The unaudited *pro forma* consolidated financial statements are presented for illustrative purposes only and are not necessarily indicative of: (a) the operating or financial results that would have occurred had the Arrangement actually occurred at the dates assumed in the unaudited *pro forma* consolidated financial statements; or (b) the results expected in future periods.

Pro Forma Consolidated Capitalization

The following table sets forth the consolidated capitalization of TransAlta as at December 31, 2022 and as at June 30, 2023 both before and after giving effect to the completion of the Arrangement.

	TransAlta as at December 31, 2022	**TransAlta as at June 30, 2023**	***Pro forma* as at June 30, 2023 after giving effect to the Arrangement [(1)]**
		(in millions)	
Cash and cash equivalents:	$1,134	$952	$152
Debt:			
Credit facilities, long-term debt and lease liabilities:	$3,653	$3,586	$3,586
Common Shares:	$2,863	$2,808	$3,425

Note:

(1) Cash and cash equivalents decreased by $800 million, representing the maximum aggregate cash consideration to be paid. Common Shares increased by $617 million, representing the consideration to be paid in TransAlta Shares, based on a $13.29 closing price of TransAlta Shares on the TSX as of August 24, 2023.

Renewables Special Committee Review and Recommendation to the Renewables Board

The Arrangement constitutes a "business combination" as well as a "related party transaction" for Renewables under MI 61-101 and, as a result, Renewables must obtain a formal valuation and minority shareholder approval for the Arrangement. Given the inherent conflict of interest between TransAlta and Renewables posed by the Arrangement, the Renewables Board established the Renewables Special Committee to review a potential Arrangement between TransAlta and Renewables and to make recommendations to the Renewables Board with respect to any such transaction.

For details of the process followed by the Renewables Special Committee prior to it making its recommendations to the Renewables Board with respect to the Arrangement, see "*The Arrangement – Recommendation of the Renewables Special Committee*". On July 10, 2023, after receiving and reviewing the report of the Renewables Special Committee, reviewing the Arrangement Agreement, and considering the interests of various stakeholders and the Renewables Special Committee recommendation, the Renewables Board, with four directors who are officers or former officers of TransAlta abstaining, unanimously: (a) determined that the Arrangement is in the best interests of Renewables and fair to Renewables Shareholders (without consideration to TransAlta and its affiliates); (b) approved the Arrangement and the entering into of the Arrangement Agreement and the performance by Renewables of its obligations thereunder; and (c) directed that the Arrangement be submitted to the Renewables Shareholders for approval and recommended that Renewables Shareholders vote in favour of the Arrangement. The Arrangement Agreement was then finalized and, following execution, TransAlta and Renewables issued a news release announcing the transaction.

In making its determinations and recommendations to the Renewables Board, the Renewables Special Committee considered and relied upon a number of factors, including, among others, factors related to:

- *Alignment and Execution of a Single Strategy:* The combined company will share a common strategic path to achieve its clean electricity growth objectives and be more competitive as a single, streamlined, publicly-listed entity. It will align, clarify and enhance management's strategic focus and efforts in the marketing, development, construction, operation and maintenance of generation assets that will serve customers with clean and reliable electricity.

- *Accretive Transaction and Attractive Dividend, while Supporting Future Growth*: Following the Arrangement, shareholders of the combined company will benefit from an accretive transaction and receive a sustainable quarterly dividend, while ensuring the combined company retains sufficient cash flow for reinvestment in future growth projects.

- *Direct Ownership in One of Canada's Largest Independent Power Producers*: The combined company will have unified and direct ownership interests in a diversified portfolio of wind, hydro, solar, storage and natural gas generation assets, all backed by an aligned strategy that allows shareholders of the combined company to benefit from future growth.

- *Increased Scale, Public Float and Liquidity*: The combined company will have a larger market capitalization and will provide stronger access to capital markets while providing increased trading liquidity. The reduced corporate complexity will provide greater transparency and understanding of the combined company's business, which is expected to enable investment in TransAlta's growing clean electricity portfolio.

- *Synergies*: The combined company will benefit from greater efficiencies and corporate synergies under a single entity. The combined company will create opportunities for further capital efficiencies by funding growth in a single simplified entity, providing a higher retention of cash flows, and resulting in lower corporate and administration costs.

The Renewables Special Committee considered the benefits of the Arrangement to the Renewables Shareholders described under "*The Arrangement – Reasons for the Arrangement*" and also considered a number of the potential risks and negative factors relating to the Arrangement described under "*The Arrangement – Reasons for the Arrangement – Other Information and Factors Considered*".

After considering the recommendations and the factors considered by the Renewables Special Committee, the Renewables Board adopted the recommendations of the Renewables Special Committee and approved the Arrangement and the entering into of the Arrangement Agreement and the performance by Renewables of its obligations thereunder, and directed that the Arrangement be submitted to the Renewables Shareholders for approval and recommended that Renewables Shareholders vote in favour of the Arrangement.

Renewables Lock-up Agreements

Each director of Renewables, collectively holding approximately 0.02% of the outstanding Renewables Shares on a non-diluted basis, has entered into a Renewables Lock-up Agreement with TransAlta pursuant to which they have agreed, among other things, to vote their Renewables Shares in support of the Arrangement Resolution at the Meeting.

See "*Details of the Arrangement – Renewables Lock-up Agreements*".

NBF Formal Valuation and Fairness Opinion and TD Fairness Opinion

The Renewables Special Committee retained NBF to act as financial advisor and independent valuator in evaluating TransAlta's proposal to acquire Renewables, including providing the Renewables Special

Committee with its opinion on the fairness, from a financial point of view, of the consideration to be received by Renewables Shareholders (other than TransAlta and its affiliates) pursuant to the arrangement and preparing a valuation in respect of the Renewables Shares in accordance with the requirements of MI 61-101. In connection with this mandate, NBF has prepared the NBF Formal Valuation and Fairness Opinion which states that, in the opinion of NBF as of July 10, 2023, and based upon and subject to the scope of review, assumptions, limitations and qualifications set forth therein, the consideration to be received by Renewables Shareholders (other than TransAlta and its affiliates) pursuant to the Arrangement is fair, from a financial point of view, to such Renewables Shareholders. The NBF Formal Valuation and Fairness Opinion also reflected the determination that as of July 10, 2023, based upon and subject to the scope of review, assumptions, limitations and qualifications set forth therein, the fair market value of the Renewables Shares was between $12.25 and $13.60 per Renewables Share. **Renewables Shareholders are urged to read the NBF Formal Valuation and Fairness Opinion in its entirety. This summary of the NBF Formal Valuation and Fairness Opinion is qualified in its entirety by the full text of the NBF Formal Valuation and Fairness Opinion. See Appendix E for a full copy of the NBF Formal Valuation and Fairness Opinion.**

The Renewables Special Committee retained TD to act as financial advisor in evaluating TransAlta's proposal to acquire Renewables, including providing the Renewables Special Committee with its opinion on the fairness, from a financial point of view, of the consideration to be received by Renewables Shareholders (other than TransAlta and its affiliates) pursuant to the Arrangement. In connection with this mandate, TD has prepared the TD Fairness Opinion which states that, in the opinion of TD as of July 10, 2023, and based upon and subject to the scope of review, assumptions, limitations and qualifications set forth therein, the consideration to be received by Renewables Shareholders (other than TransAlta and its affiliates) pursuant to the Arrangement is fair, from a financial point of view, to such Renewables Shareholders. **Renewables Shareholders are urged to read the TD Fairness Opinion in its entirety. This summary of the TD Fairness Opinion is qualified in its entirety by the full text of the TD Fairness Opinion. See Appendix F for a full copy of the TD Fairness Opinion.**

See "*The Arrangement – NBF Formal Valuation and Fairness Opinion and TD Fairness Opinion*".

Recommendation of the Renewables Board

The Renewables Board (with four directors who are not independent abstaining) unanimously recommends that the Renewables Shareholders vote FOR the Arrangement Resolution. It is a condition to the completion of the Arrangement that the Arrangement Resolution be approved at the Meeting.

See "*The Arrangement – Reasons for the Arrangement*", "*The Arrangement – Recommendation of the Renewables Special Committee*" and *"The Arrangement – Recommendation of the Renewables Board*".

Details of the Arrangement

The following is a summary only of the Arrangement and reference should be made to the full text of the Arrangement Agreement and the Plan of Arrangement set forth in Appendix B to this Circular, including Schedule A thereto.

Under the terms of the Arrangement, holders of Renewables Shares are entitled to receive, for each Renewables Share, the Renewables Share Consideration or the Renewables Cash Consideration. A Renewables Shareholder can elect, subject to certain pro-rationing provisions described below, to receive the Renewables Share Consideration or the Renewables Cash Consideration, or a combination thereof for their Renewables Shares by apportioning their Renewables Shares between the Renewables Share Consideration and the Renewables Cash Consideration in accordance with the instructions provided in the Letter of Transmittal. The Arrangement will be effected pursuant to the terms and conditions of the Arrangement Agreement. The Arrangement Agreement contains covenants, representations and warranties of and from each of TransAlta and Renewables and various conditions precedent, both mutual

and for the sole benefit of each of TransAlta and Renewables. See "*Details of the Arrangement – The Arrangement Agreement*".

Under the Arrangement, the maximum aggregate amount of cash payable to Renewables Shareholders is $800 million and the maximum aggregate number of TransAlta Shares that may be issued to Renewables Shareholders is 46,441,779 (excluding the TransAlta Shares issuable in connection with the settlement of the Renewables DSUs). If, in aggregate, Renewables Shareholders elect to receive either cash or TransAlta Shares in excess of these amounts (in the case of the maximum aggregate amount of cash, such aggregate amount will be reduced by the product obtained by multiplying the number of Renewables Shares held by Dissenting Holders by the Renewables Cash Consideration), the actual amount of cash and the actual number of TransAlta Shares, as applicable, issued to such Renewables Shareholders pursuant to the Arrangement will be subject to pro-rationing as set forth in the Plan of Arrangement.

Pursuant to the Plan of Arrangement, no fractional TransAlta Shares will be issued upon the exchange of Renewables Shares. Where the aggregate number of TransAlta Shares to be issued to a former registered Renewables Shareholder would result in a fraction of a TransAlta Share being issued, such registered Renewables Shareholder shall receive, in lieu of such fractional share, the nearest whole number of TransAlta Shares, rounded down. In calculating such fractional interests, all former Renewables Shares registered in the name of such former Renewables Shareholder shall be aggregated without regard to any underlying beneficial ownership of such former Renewables Shares.

TransAlta and Renewables agreed in the Arrangement Agreement that Renewables will not solicit an Acquisition Proposal. Renewables may, prior to the receipt of approval of the Arrangement Resolution by the Renewables Shareholders enter into or participate in any discussions or negotiations, or enter into a definitive agreement, with a third-party who, without any solicitation, seeks to initiate such discussions or negotiations. The Arrangement Agreement provides that, in certain circumstances Renewables must pay TransAlta a TransAlta Damages Fee in the amount of $95,400,000, including in the case of the termination of the Arrangement Agreement by Renewables for the purpose of accepting or entering into an agreement regarding a Superior Proposal. See "*Details of the Arrangement – The Arrangement Agreement – Termination*", see "*Details of the Arrangement – The Arrangement Agreement – TransAlta Damages Fee*".

Procedure for the Arrangement to Become Effective

Procedural Steps

The following procedural steps must be concluded for the Arrangement to become effective:

(a) the Arrangement Resolution must be approved by the Renewables Shareholders at the Meeting in the manner set forth in the Interim Order;

(b) the Arrangement must be approved by the Court pursuant to the Final Order;

(c) all Regulatory Approvals and all other material consents shall have been obtained on terms and conditions acceptable to TransAlta and Renewables;

(d) all conditions precedent to the Arrangement as set forth in the Arrangement Agreement must be satisfied or waived by the appropriate parties; and

(e) the Final Order and Articles of Arrangement, in the form prescribed by the Act, must be filed with the CBCA Director and a Certificate of Arrangement must be issued by the CBCA Director.

The Arrangement will become effective on the Effective Date.

Renewables Shareholder Approval

In order for the Arrangement to be effected, the Arrangement Resolution approving the Arrangement must be passed by the required majorities of Renewables Shareholders. The Interim Order provides that the approval of the Arrangement Resolution will require the affirmative vote of the following majorities present in person or by proxy at the Meeting: (a) two-thirds of the votes cast by Renewables Shareholders; and (b) a majority of the votes cast by the Renewables Shareholders other than the Renewables Interested Parties. See "*Details of the Arrangement – Key Approvals*" and "*Details of the Arrangement – Securities Law Matters*".

The Arrangement Agreement provides that, upon determination by the Renewables Special Committee that the Arrangement Resolution will not receive the level of approval required to become effective, Renewables may adjourn or postpone the Meeting in order to undertake measures to facilitate approval of the Arrangement Resolution. In such cases, the Meeting will be held not later than 30 days after the date on which the Meeting was originally scheduled.

To the knowledge of the directors and senior officers of Renewables after reasonable inquiry, as at the date of this Circular, the Renewables Shareholders whose votes are required to be excluded for purposes of "minority approval", as contemplated by clause (b) above, beneficially owned, or exercised control or direction over, an aggregate 160,409,135 Renewables Shares representing approximately an aggregate 60.10% of the outstanding Renewables Shares. See "*Details of the Arrangement – Securities Law Matters*".

Court Approval

Pursuant to the Act, the implementation of the Arrangement is subject to approval by the Court. Prior to the mailing of this Circular, Renewables obtained the Interim Order providing for the calling and holding of the Meeting and other procedural matters. Subject to approval of the Arrangement by the Renewables Shareholders at the Meeting, the hearing in respect of the Final Order is scheduled to take place on October 4, 2023 at 2:00 p.m. (Calgary time) in the Court or as soon thereafter as counsel may be heard. All Renewables Shareholders and other interested parties have the right to participate in, be represented at or to present evidence or arguments at the hearing in respect of the Final Order subject to serving and filing a Notice of Intention to Appear as set out in the Notice of Originating Application for the Final Order and satisfying any other applicable requirements. At the hearing of the application in respect of the Final Order, the Court will consider, among other things, the fairness of the Arrangement to the Renewables Shareholders. The Court may approve the Arrangement as proposed or as amended in any manner the Court may direct, subject to compliance with such terms and conditions, if any, as the Court deems fit.

Stock Exchange Approval

It is a mutual condition precedent to the completion of the Arrangement that the TSX and the NYSE shall each have conditionally approved the listing of the TransAlta Shares issuable pursuant to the Arrangement. Both the TSX and the NYSE have conditionally approved the listing of 46,441,779 TransAlta Shares issuable to Renewables Shareholders and up to 119,652 TransAlta Shares issuable to holders of Renewables DSUs in connection with the settlement of the Renewables DSUs subject to TransAlta fulfilling all of the TSX and NYSE listing requirements.

Timing

If the Meeting is held as scheduled and is not adjourned or postponed and the other necessary conditions of the Arrangement are satisfied or waived, Renewables will apply to the Court for the Final Order approving the Arrangement on October 4, 2023. If the Final Order is obtained in form and substance satisfactory to TransAlta and Renewables, and all other conditions specified are satisfied or waived, TransAlta and Renewables expect the Arrangement will be completed on or about October 5, 2023. However, it is not possible to state conclusively when the Arrangement will be effective.

Certain Canadian Federal and United States Federal Income Tax Considerations

This Circular contains a summary of certain Canadian federal income tax considerations and certain United States federal income tax considerations generally applicable to certain Renewables Shareholders who, under the Arrangement, dispose of one or more Renewables Shares. See "*Other Information Relating to the Arrangement – Certain Canadian Federal Income Tax Considerations*" and "*Other Information Relating to the Arrangement – Certain United States Federal Income Tax Considerations*". Renewables Shareholders should consult their own tax advisors for advice with respect to the Canadian and United States federal income tax consequences applicable to them in respect of the Arrangement.

This Circular does not address any tax considerations of the Arrangement other than certain Canadian and United States federal income tax considerations. Renewables Shareholders who are resident in (or citizens of) jurisdictions other than Canada and the United States should consult their tax advisors with respect to the tax implications of the Arrangement, including any associated filing requirements, in such jurisdictions and with respect to the tax implications in such jurisdictions of receiving and holding TransAlta Shares. Renewables Shareholders should also consult their own tax advisors regarding provincial, state, local or territorial tax considerations of the Arrangement or of receiving and holding TransAlta Shares.

Letter of Transmittal

Enclosed with this Circular is a Letter of Transmittal that is required to be completed by registered Renewables Shareholders. The Letter of Transmittal, when properly completed and returned together with the certificate(s) or DRS advice(s) representing Renewables Shares and all other required documents, will enable each registered Renewables Shareholder to obtain the aggregate Renewables Share Consideration or Renewables Cash Consideration that the Renewables Shareholder is entitled to receive under the Arrangement, pursuant to the election made (or deemed to be made) by the Renewables Shareholder, subject to pro-rationing as set forth in the Plan of Arrangement.

The Letter of Transmittal will allow each Renewables Shareholder to elect the consideration that the Renewables Shareholder wishes to receive under the Arrangement (subject to pro-rationing as set forth in the Plan of Arrangement). Any Renewables Shareholder who does not duly complete and return a Letter of Transmittal prior to the Election Deadline, or otherwise fails to comply with the requirements of the Letter of Transmittal (including Renewables Shareholders who duly exercise Dissent Rights but are ultimately not entitled, for any reason, to be paid fair value for their Renewables Shares in respect of which they have exercised Dissent Rights), shall be deemed to have elected to receive the Renewables Share Consideration in respect of all of such holder's Renewables Shares (subject to pro-rationing as set forth in the Plan of Arrangement).

If the Arrangement becomes effective, the deposit of Renewables Shares pursuant to the Letter of Transmittal will be irrevocable. However, in the event that the Arrangement is not completed, any deposited Renewables Shares will be promptly returned to the Renewables Shareholder who provided such certificate(s) or DRS advice(s) to the Depositary. Additional copies of the Letter of Transmittal are available by contacting the Depositary at the numbers listed thereon. The Letter of Transmittal is also filed under Renewables' SEDAR profile at www.sedarplus.ca.

Any certificate(s) or DRS advice(s) formerly representing Renewables Shares that is not deposited with all other documents as required by the Plan of Arrangement, or any payment made by way of cheque to the Depositary pursuant to the Plan of Arrangement that has been returned to the Depositary or that otherwise remains unclaimed on or before the day prior to the third anniversary of the Effective Date shall cease to represent a right or interest of or a claim by any former Renewables Shareholder of any kind or nature against TransAlta or the Depositary. On such date, the Renewables Share Consideration and the Renewables Cash Consideration to which the former holder of the certificate(s) or DRS advice(s) referred to in the preceding sentence was ultimately entitled, or the claim to payment hereunder that remains outstanding, as the case may be, shall be deemed to have been surrendered and forfeited to TransAlta, together with all entitlements to dividends, distributions and any interest thereon held for such former

registered holder, for no consideration, and such shares and rights shall thereupon terminate and be cancelled and the name of the former registered holder shall be removed from the register of holders of such shares.

Renewables Shareholders whose Renewables Shares are registered in the name of a broker, investment dealer, bank, trust company or other nominee must contact such person for instructions to make an election for their Renewables Shares prior to the Election Deadline.

Rights of Dissenting Shareholders

Registered Renewables Shareholders are entitled to dissent in respect of the Arrangement Resolution in the manner provided in Section 190 of the Act, as modified by the Interim Order and the Plan of Arrangement. A registered Renewables Shareholder who wishes to dissent must deliver a written objection to Renewables, c/o Stikeman Elliott LLP, Bankers Hall West, 4200 888 – 3 St SW, Calgary, AB T2P 5C5, Attention: Geoffrey D. Holub and Matti Lemmens by 5:00 p.m. on September 22, 2023, or, in the event that the Meeting is adjourned or postponed, no later than 5:00 p.m. (Calgary Time) on the second Business Day immediately preceding the date the adjourned or postponed Meeting is reconvened or held, as the as may be. A failure to strictly comply with the provisions of the Act, as modified by the Interim Order and the Plan of Arrangement, may result in the loss of a Renewables Shareholder's Dissent Rights. Provided that the Arrangement becomes effective, each Dissenting Shareholder will be entitled to be paid by TransAlta the fair value of the Renewables Shares in respect of which that Dissenting Shareholder dissents in accordance with the procedures set forth in Section 190 of the Act. The Arrangement Agreement provides that TransAlta's obligation to complete the Arrangement is subject to Renewables Shareholders holding not more than 10% of the issued and outstanding Renewables Shares having exercised their right of dissent.

Registered Renewables Shareholders who are considering exercising Dissent Rights should be aware that there can be no assurance that the fair value of their Renewables Shares as determined under the applicable provisions of the Act (as modified by the Plan of Arrangement and the Interim Order) will be more than or equal to the consideration payable under the Arrangement. In addition, any judicial determination of fair value may result in a delay of receipt by a Dissenting Shareholder of consideration for such Dissenting Shareholder's Renewables Shares.

Renewables DSUs

Pursuant to the Arrangement, each Renewables DSU that is outstanding immediately prior to the Effective Time and held by a U.S. Renewables DSU Holder will be deemed to represent the right to receive, as elected or deemed to be elected in writing by each US Renewables DSU Holder prior to the Effective Time, from Renewables on the date that is one day following the six month anniversary of the Effective Date: (a) a number of Renewables Shares equal to that number of Renewables Shares subject to each such Renewables DSU immediately prior to the Effective Time; or (b) a cash payment equal to the Renewables Cash Consideration multiplied by that number of Renewables Shares subject to each such Renewables DSU immediately prior to the Effective Time.

Pursuant to the Arrangement, each Renewables DSU that is outstanding immediately prior to the Effective Time and held by a Non-U.S. Renewables DSU Holder, will be exchanged for, as elected or deemed to be elected in writing by each Non-US Renewables DSU Holder prior to the Effective Time: (a) a number of Renewables Shares equal to that number of Renewables Shares subject to each such Renewables DSU immediately prior to the Effective Time; or (b) a cash payment from Renewables equal to the Renewables Cash Consideration multiplied by that number of Renewables Shares subject to each such Renewables DSU immediately prior to the Effective Time.

The Renewables Shares issuable in exchange for Renewables DSUs will be exchanged for TransAlta Shares pursuant to the Plan of Arrangement on the same basis as Renewables Shares held by other Renewables Shareholders. See "*The Arrangement – Renewables DSUs*".

If any Renewables DSU Holder does not provide written notice of such Renewables DSU Holder's election to TransAlta prior to the Effective Time, they will be deemed to have elected to receive a cash payment equal to the Renewables Cash Consideration multiplied by that number of Renewables Shares subject to each Renewables DSU held by the Renewables DSU Holder immediately prior to the Effective Time.

Trading Information

The Renewables Shares are listed on the TSX. The last price at which Renewables Shares traded on the TSX prior to the announcement of the proposed Arrangement was $10.99.

The TransAlta Shares are listed on the TSX and the NYSE. The last prices at which TransAlta Shares traded on the TSX and NYSE prior to the announcement of the proposed Arrangement were $12.23 and US$9.21, respectively. See Appendix G – "*Information Concerning TransAlta Corporation*" and Appendix H – "*Information Concerning TransAlta Renewables Inc.*" for the 12-month trading history of each of TransAlta and Renewables.

Risk Factors

There are risks associated with the Arrangement and in holding TransAlta Shares following the Arrangement. Renewables Shareholders should carefully consider the risk factors listed under "*Other Information Relating to the Arrangement – Risks Factors*" in this Circular and the risk factors contained in the TransAlta AIF, the TransAlta 2022 Annual MD&A, the TransAlta Interim MD&A, the Renewables AIF, the Renewables 2022 Annual MD&A and the Renewables Interim MD&A, each of which are incorporated herein by reference.

THE ARRANGEMENT

Overview

On July 10, 2023, TransAlta and Renewables entered into the Arrangement Agreement pursuant to which, TransAlta agreed to acquire all of the Renewables Shares not already owned by it, directly or indirectly, for consideration, in respect of each such Renewables Share, consisting of either the Renewables Share Consideration or the Renewables Cash Consideration.

The Arrangement Agreement, a copy of which is attached as Appendix B to this Circular, sets out the steps to be taken by the Parties to prepare for and effect the Arrangement. The Arrangement Agreement contains covenants, representations and warranties of and from each of the Parties, and contains various closing conditions which must be satisfied or waived in order for the Arrangement to be completed. The steps in the Arrangement are set forth in the Plan of Arrangement which is attached to the Arrangement Agreement as Schedule A. The description in this Circular of the Arrangement and the Arrangement Agreement is qualified in its entirety by reference to the full text of the Plan of Arrangement and the Arrangement Agreement.

Background to the Arrangement

Overview

TransAlta is the majority owner of Renewables, with an approximate 60.10% direct and indirect ownership interest. Renewables was formed on May 28, 2013 to realize specific strategic and financial benefits, including: (a) establishing a focused vehicle to pursue and fund growth opportunities in the renewable power and gas generation sector; (b) unlocking the value of TransAlta's renewable assets; (c) retaining TransAlta's majority ownership and operatorship of the renewable assets being conveyed to Renewables; (d) providing proceeds of approximately $200-$250 million to repay debt and support TransAlta's balance sheet; and (e) creating additional financial flexibility for TransAlta by providing another source of capital with a lower cost of capital.

In August 2013, Renewables completed its initial public offering, providing investors with the opportunity to invest directly in a highly contracted portfolio of renewable power generation facilities. TransAlta sold to Renewables an initial portfolio of assets consisting of 28 wind and hydroelectric power generation facilities having an aggregate installed generating capacity of 1,234 MW. Renewables also entered into, among other contracts: (a) the Management Services Agreement, pursuant to which TransAlta, on a sole and exclusive basis, provides Renewables with all general administrative services as may be required for the management of the affairs of Renewables, including developing, implementing and monitoring a strategic plan for Renewables; and (b) a Governance and Cooperation Agreement with TransAlta which, among other things, provides for the governance of Renewables on an ongoing basis. Following the initial public offering, TransAlta held approximately 81% of the issued and outstanding Renewables Shares. Subsequent to Renewables' initial public offering, TransAlta was the primary source of growth of Renewables' portfolio of power generation assets. In a series of transactions completed between 2014 and 2022, TransAlta sold to Renewables an aggregate of 15 wind, solar, natural gas, hydro and other renewable power generation assets, aggregating approximately 1.7 GW, for a total purchase price of approximately $3.1 billion.

Over time, as the market and regulatory environment evolved and TransAlta became required to retire its coal units prior to their previously expected end of life, the strategies of both companies began to overlap. They each increased their natural gas exposure as Renewables acquired additional natural gas generating facilities and TransAlta shut down certain coal units and began to convert others to natural gas. In September 2021 TransAlta announced a Clean Electricity Growth Plan that focused on growing TransAlta's contracted and renewable power generation assets. The respective boards of directors of the two companies realized that given TransAlta's focus on transitioning away from thermal generation, the strategies and suitable investment candidates for TransAlta and Renewables overlapped, adding increased uncertainty around which development projects would be offered to Renewables and which would be

retained by TransAlta. The complex structure between the two companies also posed challenges for investor decision-making and the market valuation of the Renewables Shares and the TransAlta Shares.

Due to the anticipated benefits of combining the companies relative to the challenges of the separately listed company structure, the respective boards of directors of each company began to consider the feasibility of recombining Renewables with TransAlta and initiated discussions regarding a potential transaction. The Renewables Board believed that such a transaction could address structural challenges, potential conflicts of interest and create a unified, large-scale electricity leader to serve and deliver lower carbon production and reliable electricity to customers.

The execution of the Arrangement Agreement with TransAlta on July 10, 2023 represented the culmination of a series of interactions focused on the terms of a potential transaction between TransAlta and Renewables that commenced in September 2020 when Renewables initially received a combination proposal from TransAlta. Since that date, TransAlta and the Renewables Special Committee have periodically engaged in arm's length negotiations with the assistance of their respective financial and legal advisors. The Renewables Special Committee held in excess of 40 meetings from September 2020 through to July 10, 2023. During this period, several of the non-binding proposals described below were retracted by TransAlta as a result of a number of factors, including unfavourable movements in the trading prices of the TransAlta Shares and Renewables Shares. In addition, the financial performance of Renewables was significantly negatively impacted by unplanned outages at its Kent Hills facilities and Sarnia facility. Renewables Shareholders were exposed to declining cash flows from increased capital spending to remediate the Kent Hills foundations, an increase in cash taxes, nearing contract expiries and recontracting at lower prices, all of which also contributed to underperformance relative to internal plans and reduced forecast guidance. As a result of these factors, coupled with a more general renewables industry share price decline due to rising interest rates that occurred during this period, the trading prices of the Renewables Shares and the TransAlta Shares fluctuated significantly relative to one another, which made it difficult to consummate a transaction involving significant share consideration.

In particular, with the assistance of its legal and financial advisors, the Renewables Special Committee extensively reviewed, considered and negotiated the Proposed Transaction and oversaw and directed due diligence, including on legal and financial matters, as well as the consideration of potential alternatives available to Renewables, including the continuation of Renewables as a standalone entity, and the evaluation of the proposed financial and other terms of the Proposed Transaction, including (a) the review conducted by NBF and, in 2023, TD of materials and information provided or made available by TransAlta and its advisors; and (b) the receipt and review of numerous presentations by NBF and, in 2023, TD in connection with its evaluation of the Renewables Shares.

The Renewables Special Committee also oversaw and directed the negotiation of the proposed Arrangement Agreement and considered the appropriateness of, and received advice with respect to, the terms of such Arrangement Agreement. The proposed terms and conditions of a draft Arrangement Agreement were discussed at a number of the Renewables Special Committee meetings, and the Renewables Special Committee and its legal and financial advisors reviewed the draft Arrangement Agreement and subsequently negotiated the terms of such Arrangement Agreement.

The Renewables Special Committee and its advisors also met with TransAlta and its advisors on numerous occasions to negotiate the consideration to be paid by TransAlta to the Renewables Shareholders under the Proposed Transaction.

The following is a chronological summary of the material meetings, negotiations, discussions and actions between the Renewables Special Committee and TransAlta that preceded the execution and public announcement of the Arrangement Agreement. At the end of each Renewables Special Committee meeting, the members of the Renewables Special Committee held an in-camera session so its members could deliberate on any matters in the absence of other meeting participants, except for the Renewables Special Committee's legal counsel. Legal counsel to the Renewables Special Committee was also present at each of its meetings, and the Renewables Special Committee received and considered legal advice on

its duties and responsibilities generally, under its mandate and under MI 61-101. See "*Details of the Arrangement – Securities Law Matters*".

Chronology

On September 2, 2020, the Chair of the Renewables Board, who is independent of TransAlta, received an unsolicited, non-binding proposal from TransAlta, pursuant to which TransAlta proposed to acquire all of the outstanding Renewables Shares not already owned, directly or indirectly, by TransAlta by way of plan of arrangement under the Act (the "**Proposed Transaction**") in a share-for-share transaction at an exchange ratio of 1.81 TransAlta Shares for each Renewables Share (the "**First Offer**"). The Renewables Special Committee noted that the First Offer was represented as an "at-market" offer without premium based on the 30-day volume weighted average trading prices ("**VWAP**") on the TSX of the Renewables Shares and the TransAlta Shares as at August 31, 2020, and was a slight discount to the 20-day VWAP on the TSX of the Renewables Shares and the TransAlta Shares as at September 2, 2020. The Proposed Transaction was conditional upon, among other things, the review by and favourable recommendation of the Renewables Special Committee, approvals by the Renewables Board and the TransAlta Board, the negotiation of a definitive agreement and approvals by the Renewables Shareholders and the TransAlta Shareholders. The First Offer stipulated that TransAlta considers its ownership in Renewables, including the assets held directly or indirectly by Renewables, to be important to TransAlta's long term strategy and that it was not prepared to pursue any transaction alternative that would result in TransAlta losing direct or indirect control of Renewables or its assets.

Following receipt of the First Offer, the Renewables Board determined that, having regard to the circumstances and applicable corporate and securities laws, a special committee of the independent directors should be constituted to review, consider, negotiate, report and make recommendations, as applicable, to the Renewables Board in connection with the Proposed Transaction. As a result, the Renewables Board constituted the Renewables Special Committee, then consisting of Allen Hagerman, David Drinkwater and Kathryn McQuade, with Mr. Hagerman appointed as Chair.

The Renewables Special Committee engaged Stikeman Elliott LLP, a firm which had previously advised the independent directors of Renewables regarding transactions between Renewables and TransAlta, to provide legal advice to the Renewables Special Committee regarding the Proposed Transaction, and on September 3, 2020, the Renewables Special Committee first met to consider its proposed mandate and appropriate candidates to serve as independent financial advisor to the Renewables Special Committee. The Renewables Special Committee also reviewed various preliminary matters and reviewed with its legal counsel the duties applicable to the Renewables Special Committee members in the context of the Proposed Transaction, the inherent conflict of interest between TransAlta and Renewables posed by the Proposed Transaction and the role of the Renewables Special Committee in mitigating that conflict, and the impact that MI 61-101 would have on the Proposed Transaction, including, in particular, the required independence of the members of the Renewables Special Committee and the valuator selected, a formal valuation of the Renewables Shares by the valuator, as well as the minority securityholder approval requirements.

On September 14, 2020, the Renewables Special Committee met to consider proposals received from several potential financial advisors. The Renewables Special Committee considered the independence and qualifications of these financial advisors, with reference to each financial advisor's proposed team, credentials, expertise, experience, proposed process and approach to valuation and fairness and related fees. The Renewables Special Committee also reviewed and recommended the Renewables Board approve a mandate of the Renewables Special Committee that would empower the Renewables Special Committee to, among other things: (a) organize, institute and supervise a process for the review and evaluation of the Proposed Transaction and to review and consider other alternatives available to Renewables; (b) receive details of the Proposed Transaction and to develop and discuss them with representatives of Renewables and its legal and financial advisors; (c) review and consider, and recommend to the Renewables Board, whether the Proposed Transaction is in the best interest of Renewables having regard to all potentially affected stakeholders, including the Renewables Shareholders; (d) examine, review and consider whether alternatives to the Proposed Transaction, including maintaining

the status quo, modifying existing corporate strategy or pursuing an alternative transaction that would enhance value to the Renewables Shareholders, would be a preferable outcome to implementing the Proposed Transaction; and (e) negotiate or supervise the negotiations of the Proposed Transaction or any alternative transaction. The Renewables Board later accepted the recommendation of the Renewables Special Committee in this regard and approved the proposed mandate of the Renewables Special Committee.

On September 24, 2020, the Renewables Special Committee met with NBF to discuss NBF's proposal, including NBF's approach to valuation and fairness and plans for next steps. An in camera session of the independent directors followed, during which the Renewables Special Committee selected NBF as financial advisor. In selecting its advisors, the Renewables Special Committee considered and was satisfied with the independence, qualifications and experience of each of its advisors. A formal engagement agreement was subsequently entered into with NBF. The Renewables Special Committee met three times during October 2020 to consider the Proposed Transaction.

On October 5, 2020, the Renewables Special Committee met and Mr. Hagerman led a discussion related to a meeting he had with a representative of TransAlta earlier in the day. Mr. Hagerman advised the other members of the Renewables Special Committee that TransAlta was of the view that, given recent share price movements, which resulted in each Renewables Share being worth 2.07 TransAlta Shares as of that date, the Proposed Transaction funded entirely as a share exchange as proposed in the First Offer was no longer viable and that TransAlta was evaluating a transaction on the basis of a combination of cash and TransAlta Shares as consideration. Renewables and TransAlta agreed to reconvene to discuss the Proposed Transaction and potential structuring considerations following completion of diligence and valuation work.

During this time, the Renewables Special Committee also received a management presentation from TransAlta representatives. The presentation included TransAlta's rationale for the Proposed Transaction and a quantitative analysis of the Proposed Transaction. At subsequent Renewables Special Committee meetings in October 2020, NBF provided presentations related to its preliminary financial analysis of Renewables, its financial analysis of the First Offer, its valuation methodology, the outlook for the price of the Renewables Shares and the dividend yields on the Renewables Shares and the TransAlta Shares. The Renewables Special Committee and NBF discussed various questions relating to NBF's preliminary analysis, as well as financial assessments relative to current trading prices of the Renewables Shares and the TransAlta Shares. During these meetings, the Renewables Special Committee expressed concern that the minority shareholders of Renewables might not be inclined to support a transaction that did not feature a reasonable premium relative to the trading price of the Renewables Shares.

The Renewables Special Committee met four times in November 2020 to discuss the Proposed Transaction. At each meeting, Mr. Hagerman and Mr. Drinkwater summarized their ongoing discussions with representatives of TransAlta. In these discussions, TransAlta expressed its desire to maintain its debt rating of BBB (low) (DBRS), BB+ (S&P) and Ba1 (Moody's), and that the portion of the consideration payable in cash in respect of the Proposed Transaction should not be at a level that would jeopardize its debt rating. In these discussions, representatives of TransAlta and Messrs. Hagerman and Drinkwater also exchanged views regarding the equity research analysts' outlook for the trading price of the Renewables Shares and the TransAlta Shares. The members of the Renewables Special Committee, along with NBF, discussed their view that combining the two companies would make sense strategically, given the converging corporate strategies of the two companies, and would reduce the risk of Renewables finding suitable acquisitions to pursue its growth strategy and thereby sustain its dividend.

On November 4, 2020, market factors persisted and the trading values of the TransAlta Shares and Renewables Shares had remained divergent, with each Renewables Share being worth 2.07 TransAlta Shares at such date, a significantly higher amount than the initially proposed exchange ratio. As a result, TransAlta advised the Renewables Special Committee that it was withdrawing the First Offer pending more favourable market conditions.

On December 23, 2020, Renewables and TransAlta entered into definitive agreements for the acquisition of three assets from TransAlta consisting of: (a) a 100 per cent direct interest in the 207 MW Windrise wind project located in the Municipal District of Willow Creek, Alberta; (b) a 49 per cent economic interest in the 137 MW Skookumchuck wind facility in operation located across Thurston and Lewis Counties in Washington State; and (c) a 100 per cent economic interest in the 29 MW Ada cogeneration facility in operation located in Ada, Michigan. The acquisition of this portfolio of assets was approved by the independent members of the Renewables Board on behalf of Renewables.

At the annual general meeting of the shareholders of Renewables held on May 18, 2021, Kathryn McQuade retired as a director of Renewables, and Georganne Hodges and Susan Ward were elected as additional independent directors of Renewables.

On July 29, 2021, Renewables announced that Southern Cross Energy, a subsidiary of TransAlta and an entity in which Renewables owns an indirect economic interest, had reached an agreement to provide BHP Nickel West Pty Ltd. ("**BHP**") with renewable electricity to its Goldfields-based operations through the construction of the Northern Goldfields solar project. The right to participate in the project was offered by TransAlta to Renewables pursuant to Renewables' right of first refusal in respect of certain growth opportunities, and was approved by the independent members of the Renewables Board.

On September 1, 2021, Renewables entered into definitive agreements with TransAlta for the acquisition of a 122 MW portfolio of operating solar facilities located in North Carolina, which was structured so that Renewables would acquire a 100% economic interest in the North Carolina solar project from a wholly-owned subsidiary of TransAlta through a tracking share structure. The acquisition of this portfolio of assets was approved by the independent members of the Renewables Board.

On September 26, 2021, Renewables experienced a tower failure at its 167 MW Kent Hills wind facility in Kent Hills, New Brunswick, which ultimately led to all 50 of the tower foundations at Kent Hills 1 and Kent Hills 2 requiring replacement. To date, this work remains underway by Renewables with a current estimate of total capital expenditures of $140 million, inclusive of insurance proceeds. This development created volatility and downward pressure on the trading price of both the Renewables Shares and the TransAlta Shares, complicating the value analysis and discussions between the Renewables Special Committee and TransAlta.

On November 25, 2021, TransAlta contacted the Chair of the Renewables Board for the purpose of proposing a second offer for the Proposed Transaction, and later that same day submitted a revised non-binding offer (the "**Second Offer**") to the Chair of the Renewables Board outlining the key terms and benefits of the Proposed Transaction, with consideration consisting of $500 million in cash, and the remainder being funded through the issuance of TransAlta Shares such that the total cash and share consideration resulted in an exchange ratio of 1.3483 TransAlta Shares for each Renewables Share. The Second Offer was also represented as an "at-market" offer without premium based on the 20-day VWAP on the TSX of the Renewables Shares and the TransAlta Shares as at November 23, 2021, and constituted a slight discount to the 20-day VWAP on the TSX of the Renewables Shares and the TransAlta Shares as at November 25, 2021.

Effective November 29, 2021, following receipt of the Second Offer, the Renewables Board determined that, having regard to the circumstances and applicable corporate and securities laws, the special committee of the independent directors should be re-constituted to review, consider, negotiate, report and make recommendations, as applicable, to the Renewables Board in connection with the Proposed Transaction. As a result, the Renewables Board re-constituted the Renewables Special Committee, consisting of Allen Hagerman, David Drinkwater, Georganne Hodges and Susan Ward, with Mr. Hagerman re-appointed as Chair.

On November 29, 2021, the Renewables Special Committee met to consider the Second Offer after re-engaging Stikeman Elliott LLP as its legal advisor. The Renewables Special Committee discussed: (a) whether the Second Offer was sufficiently attractive to garner the requisite support of the Renewables Shareholders; (b) recent relative movement of the trading price of the Renewables Shares and the

TransAlta Shares; (c) potential for strategic alternative transactions (including maintaining the status quo); and (d) potential benefits of the Proposed Transaction as embodied by the Second Offer. The Renewables Special Committee reviewed with its legal counsel its duties and responsibilities generally, under its mandate and under MI 61-101.

The Renewables Special Committee subsequently re-engaged NBF as financial advisor. Through December 2021 and January 2022, the Renewables Special Committee met on four occasions to consider the Second Offer. During these meetings, NBF updated the Renewables Special Committee on its financial analysis to date and presented to the Renewables Special Committee on a number of topics, including precedent transactions and related premia paid, and NBF's preliminary views on various financial matters, including different valuation methods and trading metrics. At these meetings, members of the Renewables Special Committee and NBF held fulsome discussions regarding financial, strategic and other relevant topics related to the Second Offer.

During these meetings, the members of the Renewables Special Committee considered a number of aspects related to the Second Offer. Given TransAlta's majority ownership position and statement that it was not prepared to pursue any transaction alternative that would result in it losing direct or indirect control of Renewables or its assets, the Renewables Special Committee determined, after receiving legal and financial advice, that an alternative transaction offering meaningful incremental value to Renewables Shareholders would be difficult to complete having regard to applicable corporate and securities laws. The members of the Renewables Special Committee, along with NBF, discussed their view that: (a) the trading price of the Renewables Shares reflected the expectation of continued value accretive drop-down transactions under which Renewables would be able to continue to acquire renewable power generation assets from TransAlta; (b) the high dividend payout ratio at Renewables limited the ability of Renewables to fund projects in a manner which would be materially accretive to existing Renewables Shareholders due to the ongoing competition for renewables assets and limited retained cash at Renewables; and (c) in light of the convergence of TransAlta's corporate strategy with that of Renewables, the increased uncertainty around which projects, if any, would be offered to Renewables could have a negative impact on Renewables' ability to sustain and grow its dividend at current levels and a corresponding negative impact on the trading price of the Renewables Shares. The Renewables Special Committee also considered the likely negative share price impact associated with a dividend reduction. Renewables was of the view that Renewables Shareholders were primarily income driven, reflected by the large retail shareholder base that placed a significant focus on a high dividend.

During these meetings, the Renewables Special Committee also confirmed its view that the Proposed Transaction needed to reflect a reasonable premium to the trading price of the Renewables Shares in order to be attractive to the Renewables Shareholders. As a result, the Renewables Special Committee, with the assistance of its financial and legal advisors, considered potential transaction structures that would ensure maximum value to the Renewables Shareholders is achieved in light of the then market volatility. The Renewables Special Committee reviewed various precedent transactions involving MI 61-101 and considered characteristics of these transactions that affected the premium offered.

NBF and RBC Capital Markets ("**RBC**"), the financial advisor of TransAlta, subsequently engaged in discussions regarding the appropriate exchange ratio for the Proposed Transaction.

During this time, the Renewables Special Committee and representatives of TransAlta, with the assistance of their respective legal and financial advisors, negotiated the consideration to be paid by TransAlta and the material terms of an arrangement agreement in respect of the Proposed Transaction.

On January 14, 2022, the Renewables Special Committee met and Mr. Hagerman and Mr. Drinkwater led a discussion summarizing their conversations with representatives of TransAlta, including market reaction to the developments at the Kent Hills project. The Renewables Special Committee discussed the possibility of including contingent consideration as part of the Proposed Transaction as an alternative way to enhance the consideration payable to Renewables Shareholders.

On February 7, 2022, TransAlta submitted another non-binding offer (the "**Third Offer**") to the Chair of the Renewables Special Committee to complete the Proposed Transaction with consideration consisting of an increase in the cash component to $600 million, with the remainder being funded through the issuance of TransAlta Shares such that the total cash and share consideration resulted in an exchange ratio of 1.3650 TransAlta Shares for each Renewables Share. At the time the Third Offer was made, the Third Offer represented an implied premium of 8.1% based on the 20-day VWAP on the TSX of the Renewables Shares and the TransAlta Shares as at that date. TransAlta and the Renewables Special Committee also discussed potential changes to the governance and dividend policy of TransAlta as part of the negotiation of the Third Offer.

The Renewables Special Committee met three times in February 2022 to consider the Third Offer. Mr. Hagerman and Mr. Drinkwater had various meetings with representatives of TransAlta during this time and provided updates to the Renewables Special Committee on the topic of these discussions. NBF led a discussion of its preliminary financial analysis of the Third Offer, noting the implied premium and relative price performance of the Renewables Shares as compared to the TransAlta Shares over the prior three months. On February 15, 2022, the 20-day VWAP of Renewables Shares was $17.05 and equity analysts had a consensus target price of $19.21. The Renewables Special Committee asked, and NBF responded to, various questions throughout its presentation. During this period, legal counsel to the Renewables Special Committee provided various advice on matters related to role, duties and responsibilities of the Renewables Special Committee members.

The Renewables Special Committee met on March 3, 2022, and NBF led a discussion of an overview of the Proposed Transaction, the relative recent price performance of the Renewables Shares and the TransAlta Shares, which had increased and decreased, respectively, following the release of the Renewables 2021 Annual MD&A and TransAlta 2021 Annual MD&A at the end of February 2022, and the impact of share price performance on the implied premium in the Third Offer.

On March 3, 2022, the Renewables Special Committee submitted a non-binding counterproposal (the "**First Counterproposal**") to TransAlta that reflected an exchange ratio of 1.5060 TransAlta Shares for each Renewables Share, with $600 million of the consideration to be paid in cash. The First Counterproposal represented an implied premium of 14.0% based on the 20-day VWAP of the Renewables Shares and the TransAlta Shares on the TSX as at that date and also set forth the Renewables Special Committee's requested changes to certain material terms of the arrangement agreement.

On March 10, 2022, TransAlta sent a letter to Mr. Hagerman in his capacity as Chair of the Renewables Special Committee withdrawing the Third Offer and ceasing further discussions.

On March 14, 2022, the Renewables Special Committee met and Mr. Hagerman led a discussion regarding the letter received from TransAlta on March 10, 2022 and his recent correspondence with representatives of TransAlta following delivery of the First Counterproposal. During the time between the Third Offer and the First Counterproposal, the trading prices of the TransAlta Shares and the Renewables Shares on the TSX had diverged significantly and TransAlta had decided not to actively pursue the Proposed Transaction at that time due to the implied valuation impacts triggered by the share price movements. The Renewables Special Committee and its legal and financial advisors discussed at length the basis on which their analysis of the Proposed Transaction and the analysis of TransAlta and its advisors might differ, leading to an inability to agree on the financial terms of the Proposed Transaction.

On May 3, 2022, Renewables exercised its option to acquire an economic interest in the expansion of the Mount Keith 132 kV transmission system in Western Australia to support the North Goldfields-based operations of BHP. The project is being developed under the existing power purchase agreement with BHP dated October 22, 2020, which has a term of 15 years. It is expected to be completed in the second half of 2023 and is intended to facilitate the connection of additional generating capacity to support BHP's operations and increase its competitiveness as a supplier of low-carbon nickel. As with the Northern Goldfields solar project, the right to participate in the project was offered by TransAlta to Renewables pursuant to its right of first refusal in respect of certain growth opportunities, and was approved by the independent members of the Renewables Board.

On June 6, 2022, TransAlta submitted another non-binding offer (the "**Fourth Offer**") in response to the First Counterproposal to the Chair of the Renewables Special Committee to complete the Proposed Transaction based on total consideration of $18.75 per Renewables Share. Each Renewables Share would be exchanged for either such number of TransAlta Shares equal to the offer price or $18.75 in cash. The cash component of the offer was $600 million, with the remainder being funded through the issuance of TransAlta Shares. The Fourth Offer represented an implied premium of 7.4% based on the 20-day VWAP of the Renewables Shares and the TransAlta Shares on the TSX up to June 3, 2022, and an increase over the implied offer price of $18.61 contained in the First Counterproposal. On June 7, 2022, the 20-day VWAP of Renewables Shares was $17.44 and equity analysts had a consensus target price of $18.82.

The Renewables Special Committee met numerous times in June 2022 to consider the Fourth Offer. The Renewables Special Committee discussed the strategic rationale for pursuing the Proposed Transaction and whether there were any viable alternatives to the Proposed Transaction, including maintaining the status quo. The Renewables Special Committee considered the risks of maintaining the status quo given the uncertainty surrounding future drop-down transactions from TransAlta and related implications for the sustainability of Renewables' dividend at current levels and related share price considerations. NBF provided various preliminary financial analyses of the Fourth Offer, taking into account, among other things, recent changes in relative trading prices of the Renewables Shares and the TransAlta Shares. NBF presented the Renewables Special Committee with its analysis of the status quo under a variety of scenarios, including assuming continued access to value accretive drop-down transactions and liquidity. The Renewables Special Committee members asked, and NBF responded to, questions throughout these presentations. During this period, legal counsel to the Renewables Special Committee provided various advice on matters related to role, duties and responsibilities of the Renewables Special Committee members.

Over this time, numerous discussions between representatives of the Renewables Special Committee and TransAlta took place, primarily regarding whether TransAlta could pay a reasonable premium relative to the then current trading price of the Renewables Shares. Both parties agreed that the recent movement in share prices and uncertain market conditions made it difficult to price the Proposed Transaction.

On June 20, 2022, TransAlta sent a letter to Mr. Hagerman in his capacity as Chair of the Renewables Special Committee withdrawing the Fourth Offer with immediate effect.

On July 5, 2022, the Renewables Special Committee met and NBF led a discussion on its recent meeting with RBC, which focused on the upsides of the Proposed Transaction, including corporate synergies, simplification of the capital structure and increased scale and liquidity, among others. Given the lack of feasible alternative transactions, the Renewables Special Committee remained focused on finding a way to complete the Proposed Transaction while ensuring that Renewables Shareholders received appropriate value for their Renewables Shares.

On July 7, 2022, TransAlta submitted a non-binding offer (the "**Fifth Offer**") to the Chair of the Renewables Special Committee to complete the Proposed Transaction with consideration consisting of $18.35 per Renewables Share, representing a 10.2% premium to the 20-day VWAP of the Renewables Shares up to July 6, 2022. The aggregate consideration would consist of $500 million in cash, with the remainder being funded through the issuance of TransAlta Shares. The letter noted the increasing challenges facing Renewables' cash available for dividends resulting from the Kent Hills remediation, among other factors, and summarized certain of the expected benefits of the Proposed Transaction.

The Renewables Special Committee met with its advisors on July 8, 2022 to discuss the Fifth Offer. In particular, the Renewables Special Committee was concerned that the Fifth Offer would not be viewed favourably by Renewables Shareholders given the higher value associated with the retracted Fourth Offer, which may have increased the likelihood that the Fifth Offer would be rejected in the context of current market conditions. As of July 6, 2022, the 20-day VWAP of Renewables Shares was $16.64 and equity analysts had a consensus target price of $18.82. The Renewables Special Committee was of the view that there had not been any material changes in the intrinsic values of either Renewables or TransAlta to justify a decrease in the value offered under the Proposed Transaction from the Fourth Offer to the Fifth Offer.

On July 10, 2022, the Renewables Special Committee submitted a non-binding counterproposal (the "**Second Counterproposal**") to TransAlta for total consideration of $18.83 per Renewables Share, representing an increase in the aggregate consideration of $50 million, which the Renewables Special Committee indicated it would be prepared to accept in additional cash consideration, with the remainder payable in TransAlta Shares.

In the week that followed, Mr. Hagerman met with representatives of TransAlta to discuss the Second Counterproposal and potential structuring of the Proposed Transaction that would be favourable to both Renewables and TransAlta. In these discussions, representatives of TransAlta and Renewables achieved preliminary agreement on an offer price of $18.83 per Renewables Share.

Based on these discussions, on July 18, 2022, the Renewables Special Committee met, and NBF led a discussion of the Second Counterproposal. A discussion ensued in respect of the then recent trading performance of both the Renewables Shares and the TransAlta Shares and the financial merits of the Second Counterproposal. Based on these discussions, the Renewables Special Committee determined it was prudent to reiterate to TransAlta the financial terms of the Second Counterproposal, including that at announcement the Proposed Transaction should reflect at least a moderate premium based both on a spot market basis and the 20-day VWAP of the Renewables Shares and the TransAlta Shares on the TSX as at that date. Following this meeting, the Renewables Special Committee communicated such financial terms to TransAlta by way of a letter dated July 18, 2022.

On July 25, 2022, the Renewables Special Committee met, and Mr. Hagerman led a discussion updating the Renewables Special Committee on his correspondence with representatives of TransAlta subsequent to the discussions that occurred on July 18, 2022. In these discussions, representatives of TransAlta indicated that the ability to proceed with the Proposed Transaction, and the timing thereof, remained uncertain. The Renewables Special Committee considered its options going forward in the event the Proposed Transaction could not be consummated, including in respect of alternative transactions and maintaining the status quo.

On July 29, 2022, TransAlta sent a letter to Mr. Hagerman in his capacity as the Chair of the Renewables Special Committee expressing concern regarding the Parties' ability to consummate the Proposed Transaction based on the offers set forth in the Second Counterproposal and the Fifth Offer and ceasing any further negotiations.

On December 15, 2022, Renewables announced its financial outlook for 2023, which highlighted declining cash available for distribution and a payout ratio in excess of 100% even excluding the impact of the ongoing remediation work at Kent Hills. Renewables also commented on the challenges relating to its competitive environment, including: (a) the current rising interest rate environment and increasingly competitive landscape, which had made pursuing accretive transactions more challenging; (b) that it would be cash taxable in both Canada and Australia in 2024 and that cash taxes could increase by approximately $55 million, commencing in 2024 as compared to 2021; and (c) Renewables has contract expiries in the near-to-medium-term that were expected to result in a reduction in cash flow. As a result of the declining cash available for distribution, together with the Kent Hills rehabilitation expenditures, it was expected that Renewables would be allocating most of its cash available for distribution to dividends through 2023, inherently limiting the amount of capital it could allocate to pursuing growth opportunities. At the same time, TransAlta disclosed that it was positioned as the primary growth vehicle for the consolidated TransAlta group. These factors, among others, including the general renewables industry share price decline occurring during this period as a result of rising interest rates, resulted in a decline in the trading price of the Renewables Shares on the TSX from approximately $18 per Renewables Share in August 2022 to approximately $11 per Renewables Share in December 2022.

On January 31, 2023, Mr. Drinkwater, in his capacity as Chair of the Renewables Board, received a call from representatives of TransAlta indicating that TransAlta continued to be interested in pursuing the Proposed Transaction.

The Renewables Special Committee met on February 6, 2023 to discuss the Proposed Transaction and the possibility of receiving a revised proposal from TransAlta. The Renewables Special Committee determined it was advisable to re-engage NBF as financial advisor and considered the merits of engaging a second advisor. The Renewables Special Committee considered the independence and qualifications of certain financial advisors, with reference to each financial advisor's proposed team, credentials, expertise, experience, proposed process and approach to fairness and related fees. Based on these considerations, the Renewables Special Committee resolved to retain TD to act as a second financial advisor. Legal counsel to the Renewables Special Committee provided various advice on matters related to role, duties and responsibilities of the Renewables Special Committee members. The Renewables Special Committee also discussed with its legal counsel the next steps in the event a revised proposal were to be received from TransAlta.

Between February 6, 2023 and March 6, 2023, Renewables released its year-end financial results, including the Renewables 2022 Annual MD&A, which reiterated Renewables' declining cash available for distribution and rising payout ratio of dividends to cash available for distribution.

The Renewables Special Committee met again on March 6, 2023 and Mr. Drinkwater provided an overview of his recent discussion with representatives of TransAlta. TransAlta indicated that then recent market conditions and share price activity were not supportive of facilitating the execution of the Proposed Transaction at that time. The Renewables Special Committee discussed the risks of not completing the Proposed Transaction in the near term, or at all, including risks associated with the uncertainty regarding which development projects will be offered to Renewables. The Renewables Special Committee considered whether maintaining the status quo in such circumstances would necessarily result in a reduction of Renewables' dividend and concluded this represented an unknown but potentially ongoing material risk to Renewables Shareholders.

At the May 4, 2023 Renewables Board meeting, the challenges associated with maintaining Renewables' dividend at current levels were discussed and the Renewables Board agreed that a thorough analysis of forecasted cash available for distribution was required.

The Renewables Special Committee met numerous times in May and June 2023 to review Renewables' options if the Proposed Transaction were not to be completed. A discussion ensued regarding the convergence of Renewables and TransAlta's corporate strategies and Renewables' expected difficulty in maintaining its dividend in the coming years given its declining cash available for distribution due to a continued scarcity of drop-down transactions from TransAlta, near-term contract expiries, significant increases to cash taxes, rising costs and delays associated with the remediation of the Kent Hills facility and other factors. The Renewables Special Committee discussed the risks associated with not completing the Proposed Transaction. The Renewables Special Committee authorized its legal counsel to schedule a meeting with NBF and TD to provide an update in respect of the Proposed Transaction.

On May 31, 2023, TransAlta submitted a non-binding offer (the "**Sixth Offer**") to the Chair of the Renewables Board to complete the Proposed Transaction based on a fixed offer price of $13.80 per Renewables Share. The Sixth Offer also increased the cash portion of the consideration to $800 million, with the remainder being funded through the issuance of TransAlta Shares. The Sixth Offer represented an implied premium of 10.1% based on the 20-day VWAP of the Renewables Shares and the TransAlta Shares on the TSX as at that date. The Sixth Offer was valid until June 21, 2023. The Sixth Offer confirmed that TransAlta continues to consider its ownership in Renewables to be important to TransAlta's long term strategy and that TransAlta is not prepared at this time to pursue any transaction alternative that would result in TransAlta selling its interest in Renewables. On June 1, 2023, Renewables entered into a formal engagement letter with NBF and on June 8, 2023, a formal engagement agreement was entered into with TD, effective June 1, 2023.

On June 9, 2023, the Renewables Special Committee first met formally to consider the Sixth Offer. NBF and TD led a discussion on the materials received from representatives of TransAlta regarding their *pro forma* financial projections, including the key assumptions used therein. NBF summarized the principal terms of the Sixth Offer, including as compared to the earlier proposals. A discussion ensued in respect of

the changes to market conditions and the relative trading price of the Renewables Shares and the TransAlta Shares since the date of the Fifth Offer. NBF and TD also presented their preliminary analysis in respect of Renewables' financial projections, including the key assumptions used therein. Various forecast scenarios were presented to provide the Renewables Special Committee with an understanding of the sustainability of the Renewables dividend. The Renewables Special Committee also received and considered legal advice on its duties and responsibilities generally, under its mandate and under MI 61-101.

The Renewables Special Committee met on June 16, 2023, and each of NBF and TD presented their respective preliminary financial analyses of the Sixth Offer, noting that such analysis did not yet reflect the updated model recently received from TransAlta. NBF and TD also presented on various forecast scenarios of both Renewables and TransAlta and how such scenarios could impact discussions and negotiations with TransAlta. On June 15, 2023, the 20-day VWAP of Renewables Shares was $12.47 and equity analysts had a consensus target price of $13.41.

On June 20, 2023, the Renewables Special Committee met and NBF and TD led a discussion regarding the relative trading price of the Renewables Shares and the TransAlta Shares and the impact on the transaction premium associated with the Sixth Offer. NBF and TD also presented on their preliminary financial analysis methodologies, including the key assumptions used therein. A discussion ensued regarding a counteroffer to the Sixth Offer following which the Renewables Special Committee submitted a revised non-binding proposal (the "**Third Counterproposal**") to increase the consideration under the Sixth Offer to a fixed offer price of $14.30 per Renewable Share, with the incremental consideration comprising either of cash or TransAlta Shares.

The Renewables Special Committee met on June 27, 2023 to receive updates from Mr. Hagerman and Mr. Drinkwater and from NBF and TD. Mr. Hagerman and Mr. Drinkwater updated the Renewables Special Committee on their ongoing discussions with TransAlta representatives. In these discussions, representatives of TransAlta informed Mr. Hagerman and Mr. Drinkwater that, in light of then recent relative share price declines of both the Renewables Shares and the TransAlta Shares since the date of the Sixth Offer, the consideration offered under the Sixth Offer (and the consideration sought under the Third Counterproposal) could no longer be supported by TransAlta. The trading prices of both TransAlta Shares and Renewables Shares on the TSX had declined since the date of the Sixth Offer such that the offer price of $13.80 would represent a 24% premium as of June 27, 2023. Representatives of TransAlta, as manager of Renewables, also acknowledged the challenges associated with Renewables' current dividend level. As a result, representatives of TransAlta conveyed to Mr. Hagerman and Mr. Drinkwater that a recalibration of transaction values would be required before any agreement could be reached. NBF and TD then summarized a discussion they had had with RBC, reiterating that TransAlta remained concerned with the premium associated with the Sixth Offer and the share price movement since the date of the Sixth Offer. In response to a request from the Renewables Special Committee, NBF and TD provided their views on the potential impact that a reduction in the Renewables dividend would have on the trading price of the Renewables Shares.

The Renewables Special Committee considered the risks of maintaining the status quo, including the relative trading price movement of TransAlta Shares and Renewables Shares and the declining cash available for distribution and payout ratio of over 100%. The Renewables Special Committee also concluded, after receiving advice from NBF and TD, that a Renewables dividend cut in the near term would likely be required and considered that issue with respect to maintaining the status quo. The Renewables Special Committee also considered the benefits of combining the businesses of TransAlta and Renewables, including mitigating near term risks associated with Renewables' dividend, providing Renewables Shareholders with access to an expanded pool of assets, including the upside present in the Alberta electricity market, simplifying the corporate structure while eliminating overhead and affording access to the substantially improved growth prospects of the combined company. After receiving advice from its legal and financial advisors, the Renewables Special Committee confirmed the desirability of completing the Proposed Transaction on terms providing fair value to the Renewables Shareholders.

The Renewables Special Committee met on June 30, 2023 and Mr. Hagerman and Mr. Drinkwater summarized discussions they had with representatives of TransAlta on the previous day. These discussions

focused on the then recent volatility in the trading price of the Renewables Shares and the TransAlta Shares, making it difficult to price the Proposed Transaction. In these discussions, representatives of TransAlta indicated that TransAlta intended to formally cease negotiations regarding the Proposed Transaction. In response, Mr. Hagerman and Mr. Drinkwater requested that TransAlta not formally cease negotiations until they had conferred with the Renewables Special Committee and its advisors. The Renewables Special Committee considered the risks of maintaining the status quo, including the relative trading price movement of TransAlta Shares and Renewables Shares, the declining cash available for distribution and prospects for a payout ratio of over 100%. The Renewables Special Committee also concluded, after receiving advice from NBF and TD, that a Renewables dividend cut in the near term would likely be required, likely leading to a concomitant reduction in the trading price of the Renewables Shares, and considered that issue with respect to maintaining the status quo. The Renewables Special Committee also considered the benefits of combining the businesses of TransAlta and Renewables, including mitigating near term risks associated with Renewables' dividend, providing Renewables Shareholders with access to an expanded pool of assets, including the upside believed to be present in the Alberta electricity market, simplifying the corporate structure while eliminating overhead and affording access to the substantially improved growth prospects of the combined company. After receiving advice from its legal and financial advisors, the Renewables Special Committee confirmed the desirability of completing the Proposed Transaction on terms providing fair value to the Renewables Shareholders. After much deliberation and discussion with NBF and TD on their intrinsic valuation work as well as a review of equity research analysts' then current share price targets and premiums paid in similar transactions, the Renewables Special Committee determined that it would view as acceptable an offer at $13.00 per Renewables Share in order to preserve value for the Renewables Shareholders in the context of the issues confronting Renewables, a deteriorating share price environment and the Renewables Special Committee's conclusion that a cut to the Renewables dividend would likely be required in the near term. The Renewables Special Committee remained focused on ensuring that the Proposed Transaction was completed at a compelling premium to and value for the Renewables Shares.

In subsequent discussions with TransAlta, Mr. Hagerman and Mr. Drinkwater considered the issues surrounding Renewables' dividend sustainability with TransAlta representatives, and conveyed to the TransAlta representatives that the Renewables Special Committee would be open to pursuing the Proposed Transaction at an offer price of $13.00 per Renewables Share, which represented a premium of 11.1% based on the 20-day VWAP of the Renewables Shares and the TransAlta Shares on the TSX as at that date.

On July 7, 2023, representatives of TransAlta advised Mr. Hagerman that the TransAlta Board was supportive of advancing the Proposed Transaction on the basis of a $13.00 offer price, with $800 million in cash and the remainder being funded through the issuance of TransAlta Shares (the "**Final Offer**"). Renewables and TransAlta, with the assistance of their legal and financial advisors, thereafter worked to finalize the definitive Arrangement Agreement and related materials required for announcement of the Proposed Transaction.

On July 10, 2023, the Renewables Special Committee met with its legal and financial advisors. During this meeting, NBF confirmed its independence and delivered its verbal fairness opinion (which verbal fairness opinion was subsequently confirmed by NBF in writing) that, based on and subject to the assumptions and limitations contained therein and as of July 10, 2023, the consideration in respect of each Renewables Share implied by the Final Offer is fair, from a financial point of view, to the Renewables Shareholders (other than TransAlta and its affiliates). NBF also opined to the Renewables Special Committee that the value of the Renewables Shares was in the range of $12.25 and $13.60 per Renewables Share and observed that the consideration offered under the Final Offer was within that value range. The Renewables Special Committee also received a verbal fairness opinion from TD (which verbal fairness opinion was subsequently confirmed by TD in writing) that, based on and subject to the assumptions and limitations contained therein, the consideration in respect of each Renewables Share implied by the Final Offer is fair, from a financial point of view, to the Renewables Shareholders (other than TransAlta and its affiliates).

The Renewables Special Committee then reviewed with its legal counsel the terms of the Arrangement Agreement, which incorporated the results of the negotiations between the parties, and was satisfied with

these terms. Following its review and consideration, the Renewables Special Committee unanimously determined: (a) that the Arrangement is fair to the Renewables Shareholders (other than TransAlta and any affiliate thereof) and the Arrangement is in the best interests of Renewables; and (b) to recommend that the Renewables Board determine: (i) that the Arrangement is fair to the Renewables Shareholders (other than TransAlta and any affiliate thereof) and is in the best interests of Renewables; (ii) to authorize and approve the Arrangement Agreement; and (iii) to direct that the Arrangement be submitted to the Renewables Shareholders for approval and to recommend that the Renewables Shareholders vote in favour of the Arrangement at the Meeting.

Shortly thereafter, the Renewables Board met, with the Renewables Special Committee's legal counsel in attendance. At the meeting, the Renewables Board: (a) received a report of the Renewables Special Committee and the Renewables Special Committee's recommendation to the Renewables Board that it determine: (i) that the Arrangement is fair to the Renewables Shareholders (other than TransAlta and any affiliate thereof) and is in the best interests of Renewables; (ii) to authorize and approve the Arrangement Agreement; and (iii) to direct that the Arrangement be submitted to the Renewables Shareholders for approval and to recommend that the Renewables Shareholders vote in favour of the Arrangement at the Meeting; (b) considered the interests of various stakeholders of Renewables; and (c) reviewed the terms of the Arrangement Agreement and Plan of Arrangement.

After receiving the report of the Renewables Special Committee, reviewing the Arrangement Agreement and considering the interests of various stakeholders and the Renewables Special Committee recommendation, the Renewables Board (with four directors who are not independent abstaining and recusing themselves prior to the vote of the independent directors) unanimously: (a) determined that the Arrangement is in the best interests of Renewables and is fair to the Renewables Shareholders (without consideration to TransAlta and any affiliate thereof); (b) approved the execution and delivery of the Arrangement Agreement; and (c) recommended that Renewables Shareholders vote in favour of the Arrangement.

The Arrangement Agreement was then finalized and, following execution, the Parties issued a news release announcing the transaction.

Recommendation of the Renewables Special Committee

The Renewables Special Committee, having undertaken a thorough review of, and having carefully considered, among other things, information concerning Renewables, TransAlta, the Arrangement and its impact on Renewables and all affected stakeholders, the alternatives available to Renewables, the TD Fairness Opinion and the NBF Formal Valuation and Fairness Opinion and such other matters it considered necessary or appropriate, including the factors and risks set out below under the heading "*The Arrangement – Reasons for the Arrangement*", unanimously determined to recommend to the Renewables Board that it: (a) determine that the Arrangement is in the best interests of Renewables and fair to Renewables Shareholders (without consideration to TransAlta and its affiliates); (b) approve the Arrangement and the entering into of the Arrangement Agreement and the performance by Renewables of its obligations thereunder; and (c) direct that the Arrangement be submitted to the Renewables Shareholders for approval and recommend that Renewables Shareholders vote in favour of the Arrangement.

Recommendation of the Renewables Board

The Renewables Board, having undertaken a thorough review of, and having carefully considered, among other things, information concerning Renewables, TransAlta, the Arrangement and its impact on Renewables and all affected stakeholders, the alternatives available to Renewables, the TD Fairness Opinion and the NBF Formal Valuation and Fairness Opinion and such other matters it considered necessary or appropriate, including the factors and risks set out below under the heading "*The Arrangement – Reasons for the Arrangement*", with four directors who are officers or former officers of TransAlta abstaining, unanimously: (a) determined that the Arrangement is in the best interests of Renewables and fair to Renewables Shareholders (without consideration to TransAlta and its affiliates); (b) approved the Arrangement and the entering into of the Arrangement Agreement and the performance by Renewables of

its obligations thereunder; and (c) directed that the Arrangement be submitted to the Renewables Shareholders for approval and recommended that Renewables Shareholders vote in favour of the Arrangement.

The Renewables Board unanimously (with four directors who are officers or former officers of TransAlta abstaining) recommends that the Renewables Shareholders vote FOR the Renewables Arrangement Resolution. It is a condition to the completion of the Arrangement that the Renewables Arrangement Resolution be approved at the Meeting.

Reasons for the Arrangement

In: (a) determining that the Arrangement is in the best interests of Renewables and fair to the Renewables Shareholders (without consideration to TransAlta and its affiliates); (b) approving the Arrangement and the entering into of the Arrangement Agreement and the performance by Renewables of its obligations thereunder; and (c) directing that the Arrangement be submitted to the Renewables Shareholders for approval and recommending that Renewables Shareholders vote in favour of the Arrangement, the Renewables Special Committee and the Renewables Board considered and relied upon a number of factors, including the following:

Rationale for the Arrangement

- *Alignment and Execution of a Single Strategy:* The combined company will share a common strategic path to achieve its clean electricity growth objectives and be more competitive as a single, streamlined, publicly-listed entity. It will align, clarify and enhance management's strategic focus and efforts in the marketing, development, construction, operation and maintenance of generation assets that will serve customers with clean and reliable electricity.

- *Accretive Transaction and Attractive Dividend, while Supporting Future Growth*: Following the Arrangement, shareholders of the combined company will benefit from an accretive transaction and receive a sustainable quarterly dividend, while ensuring the combined company retains sufficient cash flow for reinvestment in future growth projects.

- *Direct Ownership in One of Canada's Largest Independent Power Producers*: The combined company will have unified and direct ownership interests in a diversified portfolio of wind, hydro, solar, storage and natural gas generation assets, all backed by an aligned strategy that allows shareholders of the combined company to benefit from future growth.

- *Increased Scale, Public Float and Liquidity*: The combined company will have a larger market capitalization and will provide stronger access to capital markets while providing increased trading liquidity. The reduced corporate complexity will provide greater transparency and understanding of the combined company's business, which is expected to enable investment in TransAlta's growing clean electricity portfolio.

- *Synergies*: The combined company will benefit from greater efficiencies and corporate synergies under a single entity. The combined company will create opportunities for further capital efficiencies by funding growth in a single simplified entity, providing a higher retention of cash flows, and resulting in lower corporate and administration costs.

Benefits to Renewables Shareholders

- *Fair Offer Reflecting Attractive Premium*: The terms of the Arrangement represent an 18.3% premium based on the closing price of Renewables Shares on the TSX as of July 10, 2023, the date of execution of the Arrangement Agreement, and a 13.6% premium relative to Renewables' 20-day VWAP on the TSX as of such date.

- *Clear and Sustainable Path Going Forward*: The combined company will provide resilience and mitigate near-term risks associated with maintaining Renewables' current dividend level given the scarcity of drop-down transactions from TransAlta, upcoming contract expiries and increased cash taxes. The combined company will provide stronger dividend sustainability and payout coverage, and it will be better positioned to realize growth as compared to Renewables as a standalone entity.

- *Expanded Pool of Assets*: The combined company will offer an expanded pool of assets and business capabilities. Renewables Shareholders who elect to receive TransAlta Shares as consideration will become owners of TransAlta's high-quality Alberta assets, which total 3.6 GW, in the combined company. It will also provide exposure to TransAlta's energy marketing division that delivers industry-leading trading capability and market insights to generate strong cash flows driving further portfolio diversification.

- *Simplified Structure and Synergies*: The simplified structure provides clarity of ownership and enhanced transparency, including through the elimination of tracking shares, which will enhance the investment analysis and decision-making process for investors. The combined company will also optimize the use of capital to fund growth more efficiently as compared to Renewables as a standalone entity.

- *Immediate Exposure to Alberta Electricity Market*: Renewables Shareholders will benefit from upside due to the current strong power price environment in Alberta and TransAlta's position in the Alberta market to generate significant cash flows through the capabilities and expertise of TransAlta's leading asset optimization team, while continuing to benefit from a strong underlying base of contracted cashflows.

- *Enhanced Growth Opportunities*: Renewables Shareholders who elect to receive TransAlta Shares as consideration will be able to directly participate in the benefits of the combination including a consolidated development pipeline of more than 4.5 GW of clean electricity projects and early-stage investments in new technologies, along with access to business development expertise and innovation capabilities to enhance growth potential that will support capital appreciation.

Other Information and Factors Considered

The Renewables Special Committee and the Renewables Board also considered a number of the factors in addition to the rationale for and benefits of the Arrangement, including the following:

- *Superior Alternative*: The Renewables Special Committee took note of a number of risks associated with maintaining the status quo, including the expected continued scarcity of drop-down transactions from TransAlta and Renewables' inability to fund and organically source acquisition opportunities, each of which was expected to have a negative effect on Renewables' ability to sustain its dividend at current levels, and concluded that the value offered under the Proposed Transaction is more favourable than the value that might have been realized by continuing to pursue Renewables' current business plan.

- *Inability to Pursue Alternative Transaction*: The Renewables Special Committee also took note of the fact that, due to TransAlta's statements regarding the strategic significance of its ownership in Renewables and that it was not prepared to pursue any transaction alternative that would result in TransAlta selling the Renewables Shares owned, directly or indirectly, by TransAlta, it would not be possible for Renewables to pursue an alternative entity-level transaction, and any interest in the Renewables Shares held by persons other than TransAlta and its affiliates would be diminished by virtue of TransAlta's control position.

- *Cash Consideration*: For Renewables Shareholders (other than Renewables Shareholders electing to receive TransAlta Shares), the consideration to be paid under the Proposed Transaction (subject to proration) provides immediate liquidity and certainty of value at a meaningful premium.

- *Equity Roll*: Renewables Shareholders electing to receive TransAlta Shares can (subject to proration and certain other conditions) achieve a deferral for Canadian tax purposes of all or a portion of the capital gains that would otherwise have been realized upon a disposition of Renewables Shares, and participate in the growth of the combined company.

- *Fairness Opinion*: NBF and TD have each provided an opinion that, as of July 10, 2023 and subject to the scope of review, assumptions, limitations and qualifications set forth therein, the consideration to be received by the Renewables Shareholders pursuant to the Proposed Transaction is fair, from a financial point of view, to such Renewables Shareholders.

- *Formal Valuation*: NBF has provided the NBF Formal Valuation and Fairness Opinion, and based upon their analysis and subject to the various assumptions, qualifications and limitations set forth therein, in addition to other factors that it considered relevant, the fair market value of the Renewables Shares as of July 10, 2023 was in the range of $12.25 to $13.60. The consideration to be paid under the Proposed Transaction falls within such valuation range.

- *Securityholder Approval*: The Proposed Transaction must be approved by: (a) at least two-thirds (66 2/3%) of the votes cast at the Meeting by the Renewables Shareholders present in person or represented by proxy at the Meeting; and (b) a simple majority of the votes cast by the Renewables Shareholders present in person or by proxy at the Meeting and entitled to vote thereat, excluding the votes cast by such Shareholders that are required to be excluded pursuant to MI 61-101. To the knowledge of Renewables, only the votes attached to the Common Shares owned by the Renewables Interested Parties will be excluded from the "majority of the minority" vote mandated by MI 61-101.

- *Limited Conditionality*: TransAlta's obligation to complete the Proposed Transaction is subject to a limited number of conditions that the Renewables Special Committee believes are reasonable in the circumstances and the completion of the Arrangement is not subject to any financing condition.

- *Determination of Fairness by Court*: The Proposed Transaction will only become effective if, after hearing from all interested persons who choose to appear before it, the Court determines that the Proposed Transaction is fair.

- *Dissent Rights*: Registered Renewables Shareholders have been granted Dissent Rights.

- *Arrangement Agreement Terms*: The terms and conditions of the Arrangement Agreement are, in the judgment of the Renewables Special Committee following consultation with its legal and financial advisors, reasonable and were the result of extensive arm's length negotiations.

- *Ability to Accept a Superior Proposal*: Under the Arrangement Agreement the Renewables Board retains the ability to consider and respond to Superior Proposals prior to the Meeting on the specific terms and conditions set forth in the Arrangement Agreement, including the payment of the TransAlta Damages Fee by Renewables to TransAlta if such a proposal is accepted. The Renewables Lock-up Agreements terminate in the event that the Arrangement Agreement is terminated by Renewables, permitting the directors of Renewables to support a transaction involving a Superior Proposal.

- *TransAlta Damages Fee*: The TransAlta Damages Fee is payable by Renewables to TransAlta if the Proposed Transaction is not completed under certain circumstances and is otherwise appropriate in the circumstances as an inducement to TransAlta to enter into the Arrangement Agreement. In the view of the Renewables Special Committee, the TransAlta Damages Fee would not preclude a third party from potentially making a Superior Proposal.

- *Credibility of TransAlta*: TransAlta is a creditworthy entity and the obligations to purchase the Renewables Shares under the Arrangement Agreement are direct obligations of TransAlta and not of a shell purchaser.

- *Support for the Proposed Transaction*: The support for the Proposed Transaction among Renewables' independent directors, each of whom has entered into Renewables Lock-up Agreements.

The Renewables Special Committee also considered a variety of risks and other potentially negative aspects in its deliberations concerning the Proposed Transaction, including:

- *Risks to the Business of Non-Completion*: There are risks to Renewables if the Proposed Transaction is not completed, including the costs incurred in proceeding towards completion and the diversion of the Renewables Board's attention from the conduct of Renewables in the ordinary course.

- *No Continuing Interest of Shareholders*: The fact that, following completion, Renewables will no longer exist as an independent public company, the Renewables Shares will be delisted from the TSX and Renewables Shareholders that do not receive TransAlta Shares will forego any future increases in value that might result from the future growth and potential achievement of Renewables' long-term plans.

- *Risks of Non-Completion*: The conditions to the obligation of TransAlta to complete the Proposed Transaction and the right of TransAlta to terminate the Arrangement Agreement under limited circumstances. See "*Details of the Arrangement – The Arrangement Agreement – Conditions to Closing*".

- *Non-Solicitation and TransAlta Damages Fee*: The limitations contained in the Arrangement Agreement on Renewables' ability to solicit additional interest from third parties, as well as the fact that if the Arrangement Agreement is terminated under certain circumstances, Renewables must pay the TransAlta Damages Fee.

The foregoing discussion of the principal information and factors considered and given weight by the Renewables Special Committee and the Renewables Board is not intended to be exhaustive. In reaching the determination to recommend the Arrangement, the Renewables Special Committee and the Renewables Board did not assign any relative or specific weights to the foregoing factors, and individual directors may have given different weights to different factors. The Renewables Special Committee and the Renewables Board's reasons for recommending the Arrangement include certain assumptions relating to forward-looking information, and such information and assumptions are subject to various risks. See "*Introductory Information – Forward-looking Statements*" and "*Other Information Relating to the Arrangement – Risk Factors*", including the risks associated with holding TransAlta Shares described in the TransAlta AIF, the TransAlta 2022 Annual MD&A and the TransAlta Interim MD&A.

NBF Formal Valuation and Fairness Opinion and TD Fairness Opinion

NBF Formal Valuation and Fairness Opinion

The Renewables Special Committee retained NBF to act as financial advisor and independent valuator in evaluating TransAlta's proposal to acquire Renewables, including providing the Renewables Special Committee with its opinion on the fairness, from a financial point of view, of the consideration to be received by Renewables Shareholders (other than TransAlta and its affiliates) pursuant to the arrangement and preparing a valuation in respect of the Renewables Shares in accordance with the requirements of MI 61-101. In connection with this mandate, NBF has prepared the NBF Formal Valuation and Fairness Opinion which states that, in the opinion of NBF as of July 10, 2023, and based upon and subject to the scope of review, assumptions, limitations and qualifications set forth therein, the consideration to be

received by Renewables Shareholders (other than TransAlta and its affiliates) pursuant to the Arrangement is fair, from a financial point of view, to such Renewables Shareholders. The NBF Formal Valuation and Fairness Opinion also reflected the determination that as of July 10, 2023, based upon and subject to the scope of review, assumptions, limitations and qualifications set forth therein, the fair market value of the Renewables Shares was between $12.25 and $13.60 per Renewables Share.

In deciding to recommend that the Renewables Board approve the Arrangement, the Renewables Special Committee considered, among other things, the NBF Formal Valuation and Fairness Opinion (initially in verbal form and subsequently confirmed by NBF in writing). The Renewables Special Committee received the opinion from NBF initially in verbal form on July 10, 2023 and then in written form as at July 10, 2023, which provided that, based upon and subject to the scope of review, assumptions, limitations and qualifications and other matters stated in the NBF Formal Valuation and Fairness Opinion, the consideration to be received by the Renewables Shareholders (other than TransAlta and its affiliates) pursuant to the Arrangement is fair, from a financial point of view, to such Renewables Shareholders and that as at July 10, 2023, the fair market value of the Renewables Shares was between $12.25 and $13.60 per Renewables Share.

MI 61-101 generally requires that a valuation include an estimate of the value or range of values of any non-cash consideration (in this case, the TransAlta Shares). MI 61-101 further provides that in certain circumstances a valuation is not required to include an estimate of the value or range of values of any non-cash consideration. The Renewables Special Committee has determined that the NBF Formal Valuation and Fairness Opinion need not include an estimate of the value or range of values of the TransAlta Shares, given that: (a) the TransAlta Shares are listed on the TSX; (b) Renewables has no knowledge of any material information concerning TransAlta or the TransAlta Shares that has not been generally disclosed; (c) the market for the TransAlta Shares is a "liquid market" (as that term is defined in MI 61-101); (d) the TransAlta Shares to be issued in connection with the Proposed Transaction constitute less than 25% of the number of TransAlta Shares that are outstanding immediately before the Proposed Transaction is completed; (e) the TransAlta Shares to be issued in connection with the Proposed Transaction will be freely tradeable under Applicable Canadian Securities Laws at the time the Proposed Transaction is completed; and (f) in light of the foregoing, NBF is of the opinion that a valuation of the TransAlta Shares is not required.

The full text of the written NBF Formal Valuation and Fairness Opinion, which sets forth, among other things, assumptions made, information reviewed, matters considered and limitations on the scope of the review undertaken in rendering the NBF Formal Valuation and Fairness Opinion, is attached as Appendix E. The NBF Formal Valuation and Fairness Opinion, based upon and subject to the scope of review, assumptions, limitations and qualifications set forth therein, addresses the fairness, from a financial point of view, of the consideration to be received by the Renewables Shareholders (other than TransAlta and its affiliates) pursuant to the Arrangement and does not address any other aspect of the Arrangement or any related transaction, including any legal, tax or regulatory aspects of the Arrangement to Renewables or the Renewables Shareholders. The NBF Formal Valuation and Fairness Opinion sets forth that as at July 10, 2023, based upon and subject to the scope of review, assumptions, limitations and qualifications set forth therein, the fair market value of the Renewables Shares was between $12.25 and $13.60 per Renewables Share. NBF provided the NBF Formal Valuation and Fairness Opinion to the Renewables Special Committee for its exclusive use only in considering the Arrangement. The NBF Formal Valuation and Fairness Opinion may not be relied upon by any other person. The NBF Formal Valuation and Fairness Opinion does not address the relative merits of the Arrangement as compared to any other strategic alternatives that may be available to Renewables nor does it constitute a recommendation to any Renewables Shareholder as to how such Renewables Shareholder should act or vote on any matters relating to the Arrangement.

Renewables Shareholders are urged to read the NBF Formal Valuation and Fairness Opinion in its entirety. This summary of the NBF Formal Valuation and Fairness Opinion is qualified in its entirety by the full text of the NBF Formal Valuation and Fairness Opinion. See Appendix E for a full copy of the NBF Formal Valuation and Fairness Opinion.

TD Fairness Opinion

The Renewables Special Committee retained TD to act as financial advisor in evaluating TransAlta's proposal to acquire Renewables, including providing the Renewables Special Committee with its opinion on the fairness, from a financial point of view, of the consideration to be received by Renewables Shareholders (other than TransAlta and its affiliates) pursuant to the Arrangement. In connection with this mandate, TD has prepared the TD Fairness Opinion which states that, in the opinion of TD as of July 10, 2023, and based upon and subject to the scope of review, assumptions, limitations and qualifications set forth therein, the consideration to be received by Renewables Shareholders (other than TransAlta and its affiliates) pursuant to the Arrangement is fair, from a financial point of view, to such Renewables Shareholders.

In deciding to recommend that the Renewables Board approve the Arrangement, the Renewables Special Committee considered, among other things, the TD Fairness Opinion (initially in verbal form and subsequently confirmed by TD in writing). The Renewables Special Committee received the opinion from TD initially in verbal form on July 10, 2023, which provided that, based upon and subject to the scope of review, assumptions, limitations and qualifications and other matters stated in the TD Fairness Opinion, as of July 10, 2023, the consideration to be received by the Renewables Shareholders (other than TransAlta and its affiliates) pursuant to the Arrangement is fair, from a financial point of view, to such Renewables Shareholders.

The full text of the written TD Fairness Opinion, which sets forth, among other things, assumptions made, information reviewed, matters considered and limitations on the scope of the review undertaken in rendering the TD Fairness Opinion, is attached as Appendix F. The TD Fairness Opinion, based upon and subject to the scope of review, assumptions, limitations and qualifications set forth therein, addresses the fairness, from a financial point of view, of the consideration to be received by the Renewables Shareholders (other than TransAlta and its affiliates) pursuant to the Arrangement and does not address any other aspect of the Arrangement or any related transaction, including any legal, tax or regulatory aspects of the Arrangement to Renewables or the Renewables Shareholders. TD provided the TD Fairness Opinion to the Renewables Special Committee for its exclusive use only in considering the Arrangement. The TD Fairness Opinion may not be relied upon by any other person. The TD Fairness Opinion does not address the relative merits of the Arrangement as compared to any other strategic alternatives that may be available to Renewables nor does it constitute a recommendation to any Renewables Shareholder as to how such Renewables Shareholder should act or vote on any matters relating to the Arrangement.

Renewables Shareholders are urged to read the TD Fairness Opinion in its entirety. This summary of the TD Fairness Opinion is qualified in its entirety by the full text of the TD Fairness Opinion. See Appendix F for a full copy of the TD Fairness Opinion.

Engagement of NBF and TD as Independent Financial Advisors

The Renewables Special Committee engaged NBF and, later, TD, to act as the independent financial advisors to the Renewables Special Committee and to provide opinions concerning the fairness of the consideration under the Arrangement from a financial point of view. The Renewables Special Committee also engaged NBF to provide a formal valuation of the Renewables Shares in accordance with MI 61-101. The Renewables Special Committee determined, based in part on the representations made to it by each of NBF and TD, that NBF and TD were independent from each of Renewables, TransAlta and all interested parties within the meaning of MI 61-101 and qualified to prepare their respective fairness opinions and, in the case of NBF, the formal valuation.

Credentials of NBF and TD

NBF is a nationally recognized investment banking firm that is regularly engaged in the evaluation of businesses and securities in connection with mergers and acquisitions. The Renewables Special Committee selected NBF to act as its financial advisor in connection with the Proposed Transaction and,

ultimately, the arrangement on the basis of NBF's experience in similar transactions, its reputation in the energy industry, and its familiarity with the Canadian energy industry and the renewable energy sector. The NBF Formal Valuation and Fairness Opinion are the opinions of NBF, and the individual primarily responsible for preparing the NBF Formal Valuation and Fairness Opinion are professionals of NBF with experience in mergers and acquisitions, divestitures, financial opinions, capital markets matters and financial analyses. The NBF Formal Valuation and Fairness Opinion have been reviewed and approved by an internal committee of senior professionals of NBF, each of whom is experienced in mergers and acquisitions, divestitures, financial opinions, capital markets matters and financial analyses.

TD is a nationally recognized investment banking firm that is regularly engaged in the evaluation of businesses and securities in connection with mergers and acquisitions. The Renewables Special Committee selected TD to act as its financial advisor in connection with the Proposed Transaction and, ultimately, the arrangement on the basis of TD's experience in similar transactions, its reputation in the energy industry, and its familiarity with the Canadian energy industry and the renewable energy sector. The TD Fairness Opinion is the opinion of TD, and the individual primarily responsible for preparing the TD Fairness Opinion are professionals of TD with experience in mergers and acquisitions, divestitures, financial opinions, capital markets matters and financial analyses. The TD Fairness Opinion has been reviewed and approved by an internal committee of senior professionals of TD, each of whom is experienced in mergers and acquisitions, divestitures, financial opinions, capital markets matters and financial analyses.

Independence of NBF and TD

NBF and TD are independent of Renewables, TransAlta and any other "interested party" for the purposes of section 6.1 of MI 61-101. None of NBF, TD, nor any of their affiliated entities (as that term is defined in MI 61-101) is: (a) an issuer insider, associated entity or affiliated entity of any interested party (as those terms are defined in MI 61-101); (b) an advisor to any interested party with respect to the Arrangement; (c) receiving compensation that depends in whole or in part on the conclusion reached in the NBF Formal Valuation and Fairness Opinion (in the case of NBF) or the outcome of the Arrangement; (d) a manager or co-manager or member of a soliciting dealer group for the Arrangement; (e) holding a material financial interest in completion of the Arrangement; or (f) the external auditor of any interested party. Neither NBF nor TD's compensation depends in whole or in part on the conclusions reached in the valuation and/or fairness opinion or the outcome of the Arrangement, and NBF, TD, their associates and affiliates do not have any material financial interest in the completion of the Arrangement. Neither NBF nor TD have entered into any other agreements or arrangements with Renewables or any of its associates or affiliates with respect to any future dealings. Neither NBF nor TD have acted as agent or underwriter in any financings involving TransAlta, Renewables, or any of its associates or affiliates during the 24-month period preceding the date that NBF and TD were first contacted in respect of the Proposed Transaction, other than as disclosed in the NBF Formal Valuation and Fairness Opinion and the TD Fairness Opinion, respectively. Having regard to the nature of NBF's and TD's roles in these matters, the Renewables Special Committee was satisfied that NBF is an independent valuator and that TD is appropriately independent.

NBF, TD and their affiliates, as part of their investment banking business, are regularly engaged in performing financial analyses with respect to businesses and their securities in connection with mergers and acquisitions, negotiated underwritings, competitive biddings, secondary distributions of listed and unlisted securities, private placements and other transactions as well as for estate, corporate and other purposes. NBF, TD and their affiliates also engage in securities trading and brokerage, private equity activities, investment management activities, equity research and other financial services, and in the ordinary course of these activities, NBF, TD and their affiliates may from time to time acquire, hold or sell, for their own accounts and for the accounts of their customers: (a) equity, debt and other securities (including derivative securities) and financial instruments (including bank loans and other obligations) of Renewables or TransAlta or any of their respective affiliates; and (b) any currency or commodity that may be involved in the Arrangement. In addition, NBF, TD and their affiliates and certain of their employees, including members of the team performing services in connection with the Arrangement, as well as certain private equity and investment management funds associated or affiliated with NBF and/or TD in which they may have financial interests, may from time to time acquire, hold or make direct or indirect investments in

or otherwise finance a wide variety of companies, including Renewables or TransAlta or their respective affiliates.

Compensation of NBF and TD

The fee payable to NBF in connection with the NBF Formal Valuation and Fairness Opinion is not contingent on completion of the Arrangement or any other transaction and has been paid by Renewables. Renewables has also agreed to reimburse NBF for certain out-of-pocket expenses and to indemnify NBF and certain related parties against certain liabilities.

The fee payable to TD in connection with the TD Fairness Opinion is not contingent on completion of the Arrangement or any other transaction. Renewables has also agreed to reimburse TD for certain out-of-pocket expenses and to indemnify TD and certain related parties against certain liabilities.

Renewables DSUs

Pursuant to the Arrangement, each Renewables DSU that is outstanding immediately prior to the Effective Time and held by a U.S. Renewables DSU Holder will be deemed to represent the right to receive, as elected or deemed to be elected in writing by each U.S. Renewables DSU Holder prior to the Effective Time, from Renewables on the date that is one day following the six month anniversary of the Effective Date: (a) a number of Renewables Shares equal to that number of Renewables Shares subject to each such Renewables DSU immediately prior to the Effective Time; or (b) a cash payment equal to the Renewables Cash Consideration multiplied by that number of Renewables Shares subject to each such Renewables DSU immediately prior to the Effective Time.

Pursuant to the Arrangement, each Renewables DSU that is outstanding immediately prior to the Effective Time and held by a Non-U.S. Renewables DSU Holder, will be exchanged for, as elected or deemed to be elected in writing by each Non-U.S. Renewables DSU Holder prior to the Effective Time: (a) a number of Renewables Shares equal to that number of Renewables Shares subject to each such Renewables DSU immediately prior to the Effective Time; or (b) a cash payment from Renewables equal to the Renewables Cash Consideration multiplied by that number of Renewables Shares subject to each such Renewables DSU immediately prior to the Effective Time.

The Renewables Shares issuable in exchange for Renewables DSUs will be exchanged for TransAlta Shares pursuant to the Plan of Arrangement on the same basis as Renewables Shares held by other Renewables Shareholders.

If any Renewables DSU Holder does not provide written notice of such Renewables DSU Holder's election to TransAlta prior to the Effective Time, they will be deemed to have elected to receive a cash payment equal to the Renewables Cash Consideration multiplied by that number of Renewables Shares subject to each Renewables DSU held by the Renewables DSU Holder immediately prior to the Effective Time.

DETAILS OF THE ARRANGEMENT

The following is a summary only of the Arrangement and reference should be made to the full text of the Arrangement Agreement and the Plan of Arrangement set forth in Appendix B to this Circular.

Pursuant to the Plan of Arrangement, commencing at the Effective Time, each of the events and transactions set out below shall occur and shall be deemed to occur in the following order without any further act or formality:

(a) the Renewables Shares held by Dissenting Shareholders shall be deemed to be, without any further act or formality by the holders thereof, transferred to TransAlta (free and clear of all Liens), and:

(i) such Dissenting Shareholders shall cease to be the holders of such Renewables Shares and to have any rights as holders of such Renewables Shares other than the right to be paid fair value for such Renewables Shares as set out in Article 4 of the Plan of Arrangement;

(ii) such Dissenting Shareholders' names shall be removed as the holders of such Renewables Shares from the registers of Renewables Shares maintained by or on behalf of Renewables; and

(iii) TransAlta shall be deemed to be the transferee of such Renewables Shares (free and clear of all Liens) and shall be entered into the register of Renewables Shares maintained by or on behalf of Renewables;

(b) notwithstanding the terms of the Renewables DSU Plan, any resolutions of the Renewables Board or any agreement, certificate or other instrument granting or confirming the grant of Renewables DSUs or representing Renewables DSUs:

(i) with respect to each Renewables DSU outstanding immediately prior to the Effective Time and held by a Non-U.S. Renewables DSU Holder:

(A) the "Redemption Date" (as defined in the Renewables DSU Plan) of each such Renewables DSU shall be, and shall be deemed to be, the effective time of Section 3.1(b) of the Plan of Arrangement;

(B) each such Renewables DSU, shall be, and shall be deemed to be, without any further action by or on behalf of a Non-U.S. Renewables DSU Holder, assigned, transferred and surrendered by such Non-U.S. Renewables DSU Holder to Renewables (free and clear of all Liens) in exchange for, as elected or deemed to be elected in writing by each Non-U.S. Renewables DSU Holder prior to the Effective Time:

1. a number of Renewables Shares equal to that number of Renewables Shares subject to each Renewables DSU immediately prior to the Effective Time, and such Non-U.S. Renewables DSU Holder shall be entered into the register of Renewables Shares maintained by or on behalf of Renewables, but the Non-U.S. Renewables DSU Holder shall not be entitled to a certificate or other document representing the Renewables Shares issued in exchange for its Renewables DSUs and such Non-U.S. Renewables DSU Holder shall be deemed for purposes of Section 3.2 of the Plan of Arrangement to have elected to receive, in respect of each such Renewables Share received, the Renewables Share Consideration, subject to Sections 5.9 and 6.1 of the Plan of Arrangement; or

2. a cash payment from Renewables equal to the Renewables Cash Consideration multiplied by that number of Renewables Shares subject to each Renewables DSU immediately prior to the Effective Time,

less any amounts withheld pursuant to Article 6 of the Plan of Arrangement and the Renewables DSU Plan;

(ii) with respect to each Renewables DSU outstanding immediately prior to the Effective Time and held by a U.S. Renewables DSU Holder:

(A) the "Redemption Date" (as defined in the Renewables DSU Plan) of each such Renewables DSU shall be, and shall be deemed to be, the date that is one day following the six month anniversary of the Effective Date;

(B) from and after the Effective Time, each such Renewables DSU shall, and shall be deemed to, without any further action by or on behalf of a U.S. Renewables DSU Holder, represent a right to receive, as elected or deemed to be elected in writing by each U.S. Renewables DSU Holder prior to the Effective Time, from Renewables on the Redemption Date as set forth in Section 3.1(b)(ii)(A) of the Plan of Arrangement:

1. a number of Renewables Shares equal to that number of Renewables Shares subject to each such Renewables DSU immediately prior to the Effective Time and such U.S. Renewables DSU Holder shall thereafter be deemed to have elected to receive on the Redemption Date as set forth in Section 3.1(b)(ii)(A) of the Plan of Arrangement, in respect of the right to receive each such Renewables Share, the Renewables Share Consideration, subject to Sections 5.9 and 6.1 of the Plan of Arrangement; or

2. a cash payment equal to the Renewables Cash Consideration multiplied by that number of Renewables Shares subject to each such Renewables DSU immediately prior to the Effective Time,

less any amounts withheld pursuant to Article 6 of the Plan of Arrangement and the Renewables DSU Plan; and

(c) each Renewables Share held by a Renewables Shareholder (other than Renewables Shares held by TransAlta or any of its affiliates and other than Renewables Shares held by Dissenting Shareholders) shall be and shall be deemed to be, without any further act or formality by or on behalf of the Renewables Shareholder transferred to TransAlta (free and clear of all Liens) in accordance with the election or deemed election of such Renewables Shareholder pursuant to Section 3.2 of the Plan of Arrangement, as adjusted by Section 3.3 of the Plan of Arrangement, if applicable, in exchange for the Renewables Cash Consideration or the Renewables Share Consideration, and upon such exchange:

(i) the holders of such Renewables Shares shall cease to be the holders thereof and to have any rights as holders of such Renewables Shares other than the right to receive Renewables Share Consideration or Renewables Cash Consideration, as applicable, for each such Renewables Share in accordance with the Plan of Arrangement;

(ii) such holders' names shall, in respect of the Renewables Shares, be removed from the register of Renewables Shares maintained by or on behalf of Renewables;

(iii) TransAlta shall be deemed to be the transferee of such Renewables Shares (free and clear of all Liens) and shall, in respect of such Renewables Shares, be entered into the register of the Renewables Shares maintained by or on behalf of Renewables; and

(iv) for each Renewables Share transferred to TransAlta in respect of which a holder has elected (or is deemed to have elected) to receive the Renewables Share Consideration, TransAlta shall allot and issue to such holder, in respect of each Renewables Share so transferred, the Renewables Share Consideration, as fully paid and non-assessable TransAlta Shares, and the name of such holder shall be added to the register of the holders of TransAlta Shares on the Effective Date.

Under the Arrangement, the maximum aggregate amount of cash payable to Renewables Shareholders is $800 million and the maximum aggregate number of TransAlta Shares that may be issued to Renewables Shareholders is 46,441,779 (excluding the TransAlta Shares issuable in connection with the settlement of the Renewables DSUs as described herein). If, in aggregate, Renewables Shareholders elect to receive either cash or TransAlta Shares in excess of these amounts, the actual amount of cash and the actual number of TransAlta Shares, as applicable, issued to such Renewables Shareholders pursuant to the Arrangement will be subject to pro-rationing.

Pursuant to the Plan of Arrangement, no fractional TransAlta Shares will be issued upon the exchange of Renewables Shares. Where the aggregate number of TransAlta Shares to be issued to a former Renewables Shareholder would result in a fraction of a TransAlta Share being issued, such Renewables Shareholder shall receive, in lieu of such fractional share, the nearest whole number of TransAlta Shares, rounded down.

The respective obligations of TransAlta and Renewables to complete the transactions contemplated by the Arrangement Agreement are subject to a number of conditions which must be satisfied in order for the Arrangement to become effective. Upon all of the conditions being fulfilled or waived, Renewables is required to file a copy of the Final Order and the Articles of Arrangement with the CBCA Director and obtain a Certificate of Arrangement from the CBCA Director in order to give effect to the Arrangement.

The Arrangement Agreement

General

The Arrangement will be effected pursuant to the terms and conditions of the Arrangement Agreement. The Arrangement Agreement contains covenants, representations and warranties of and from each of Renewables and TransAlta and various conditions precedent, both mutual and for the sole benefit of each of Renewables and TransAlta.

Unless all such conditions precedent are satisfied or waived by the Party for whose benefit such conditions precedent exist, to the extent they may be capable of waiver, the Arrangement will not proceed. There is no assurance that the conditions precedent will be satisfied or waived on a timely basis, or at all.

The following is a summary of certain provisions of the Arrangement Agreement and is qualified in its entirety by the full text of the Arrangement Agreement, set forth in Appendix B to this Circular. Renewables Shareholders are urged to read the Arrangement Agreement in its entirety.

Representations and Warranties and Covenants Relating to the Conduct of Business of TransAlta and Renewables

The Arrangement Agreement contains certain customary representations and warranties of each of Renewables and TransAlta relating to, among other things, their respective organization, capitalization, operations, compliance with laws and regulations and other matters, including their authority to enter into the Arrangement Agreement and to consummate the Arrangement. For the complete text of the applicable provisions, see Sections 4.1 and 4.2 of the Arrangement Agreement.

In addition, pursuant to the Arrangement Agreement, each of the Parties has covenanted, among other things, to do and perform all acts and things to facilitate and carry out the intent and purpose of the Arrangement Agreement, in the case of Renewables, to apply for the Interim Order and Final Order, and in the case of TransAlta, to apply for the listing of the TransAlta Shares issuable under the Arrangement on the TSX and the NYSE and in each case to maintain its business in the usual and ordinary course and refrain from taking certain actions outside of the ordinary course. For the complete text of the applicable provisions, see Sections 3.1, 3.2, and 3.3 of the Arrangement Agreement.

Mutual Conditions

The respective obligations of TransAlta and Renewables to complete the transactions contemplated by the Arrangement Agreement are subject to the satisfaction of the following conditions on or before the Effective Date, any of which may be waived by the mutual consent of TransAlta and Renewables:

(a) the Interim Order shall have been granted in form and substance satisfactory to TransAlta and Renewables, each acting reasonably, and such Interim Order shall not have been set aside or modified in a manner unacceptable to the Parties, each acting reasonably, on appeal or otherwise;

(b) the Arrangement Resolution shall have been approved by the Renewables Shareholders at the Meeting in accordance with the Interim Order and in form and substance satisfactory to the Parties, each acting reasonably;

(c) the Final Order shall have been obtained in form and substance satisfactory to the Parties, each acting reasonably, and such Final Order shall not have been set aside or modified in a manner unacceptable to the Parties, each acting reasonably, on appeal or otherwise;

(d) the Articles of Arrangement shall have been filed with the CBCA Director in accordance with the Arrangement Agreement and shall be in form and substance satisfactory to TransAlta and Renewables, each acting reasonably;

(e) the Effective Date shall have occurred on or before the Outside Date;

(f) the TransAlta Shares to be issued to the holders of Renewables Shares pursuant to the Arrangement Agreement shall have been authorized for listing on the NYSE and the TSX;

(g) on the Effective Date, each of TransAlta and Renewables shall be satisfied, acting reasonably, that the TransAlta Shares issuable to the holders of Renewables Shares pursuant to the Arrangement: (1) shall not be subject to any hold period, restricted period or seasoning period under Applicable Canadian Securities Laws that shall not have been satisfied on the Effective Date and (2) shall not require registration under the 1933 Act, whether on the basis of the exemption provided for in section 3(a)(10) thereof or otherwise;

(h) all Regulatory Approvals shall have been obtained on terms and conditions satisfactory to each of TransAlta and Renewables, each acting reasonably;

(i) no claims, actions, enquiries, applications, suits, demands, arbitrations, charges, indictments, hearings or other civil, criminal, administrative or investigative proceedings, or other investigations or examinations (whether, for greater certainty, by a Governmental Authority or any other person) shall be commenced, pending or threatened and no Applicable Law shall have been proposed, enacted, promulgated or applied, in either case:

    (i) seeking to cease trade, restrict, enjoin, prohibit, materially delay or impose material conditions on the Arrangement or the transactions contemplated therein or herein or any of the material terms and conditions of any transaction contemplated by the Arrangement Agreement or seeking to obtain from TransAlta or Renewables any material damages directly or indirectly in connection with the Arrangement;

    (ii) seeking to cease trade, restrict, enjoin, prohibit, materially delay or impose material conditions on the rights of TransAlta to own, hold or exercise full rights of ownership over the Renewables Shares upon the completion of the Arrangement or conduct the business conducted by Renewables;

(iii) seeking to prohibit or restrict the completion of the Arrangement in accordance with the terms hereof or otherwise relating to the Arrangement;

(iv) seeking to prohibit or limit the ownership or operation by Renewables, TransAlta or any of their respective affiliates of any material portion of the business or assets of Renewables or to compel TransAlta or any of its affiliates to dispose or divest of or hold separate any material portion of the business or assets of Renewables; or

(v) seeking to prohibit TransAlta or any of its affiliates from effectively controlling in any material respect the business or operations of Renewables,

that would, if successful, be reasonably likely to have a Material Adverse Effect; and

(j) no Governmental Authority shall have enacted, issued, promulgated, applied for (or advised any of the Parties in writing that it has determined to make such application), enforced or entered any Applicable Law (whether temporary, preliminary or permanent) that makes illegal, restrains, enjoins or otherwise prohibits consummation of, or dissolves the Arrangement or the other transactions contemplated by the Arrangement Agreement.

Conditions in Favour of TransAlta

The Arrangement Agreement provides that the obligation of TransAlta to complete the Arrangement is subject to the satisfaction, on or before the Effective Time, of the following conditions, which conditions are for the exclusive benefit of TransAlta and may only be waived, in whole or in part, by TransAlta in its sole discretion. These additional conditions provide that:

(a) all covenants of Renewables under the Arrangement Agreement to be performed on or before the Effective Time (without giving effect to, applying or taking into consideration any Material Adverse Effect, Material Adverse Change or other materiality qualifications already contained in such covenants) shall have been duly performed by Renewables in all material respects; and TransAlta shall have received a certificate of Renewables addressed to TransAlta dated the Effective Time, signed on behalf of Renewables by two senior executive officers of Renewables (on Renewables' behalf and without personal liability), confirming the same as at the Effective Time;

(b) all representations and warranties of Renewables set forth in the Arrangement Agreement were true and correct as of the date of the Arrangement Agreement and shall be true and correct as of the Effective Time (except for representations and warranties as of a specified date, the accuracy of which shall be determined as of that specified date), except to the extent that the failure or failures of such representations and warranties to be true and correct, individually or in the aggregate, would not have a Material Adverse Effect (and, for this purpose, any reference to "material", "Material Adverse Effect" or other concepts of materiality in such representations and warranties shall be ignored), and TransAlta shall have received a certificate of Renewables addressed to TransAlta and dated the Effective Time, signed on behalf of Renewables by two senior executive officers of Renewables (on Renewables' behalf and without personal liability), confirming the above as at the Effective Time;

(c) Renewables shall have furnished TransAlta with:

(i) certified copies of the resolutions duly passed by the Renewables Board approving the Arrangement Agreement and the consummation of the transactions contemplated by the Arrangement Agreement, and

(ii) a certified copy of the Arrangement Resolution duly passed by the Renewables Shareholders;

(d) no Material Adverse Change in respect of Renewables shall have occurred since the date of the Arrangement Agreement;

(e) holders of not more than 10% of the issued and outstanding Renewables Shares not owned by TransAlta shall have exercised Dissent Rights in relation to the Arrangement;

(f) in addition to the approvals contemplated in Subsection 5.1(h) of the Arrangement Agreement, all other third-party waivers or approvals required in connection with the consummation of the Arrangement shall have been provided or obtained on terms and conditions acceptable to TransAlta, acting reasonably; and

(g) Renewables shall have delivered a mutual release, in form and substance satisfactory to TransAlta, acting reasonably, duly executed by each director and officer of Renewables as requested by TransAlta.

Conditions in Favour of Renewables

The Arrangement Agreement provides that the obligation of Renewables to complete the Arrangement is subject to the satisfaction, on or before the Effective Time, of the following conditions, which conditions are for the exclusive benefit of Renewables and may only be waived, in whole or in part, by Renewables in its sole discretion. These additional conditions provide that:

(a) all covenants of TransAlta under the Arrangement Agreement to be performed on or before the Effective Time (without giving effect to, applying or taking into consideration any Material Adverse Effect, Material Adverse Change or other materiality qualifications already contained in such covenants) shall have been duly performed by TransAlta in all material respects; and Renewables shall have received a certificate of TransAlta addressed to Renewables dated the Effective Time, signed on behalf of TransAlta by two senior executive officers of TransAlta (on TransAlta's behalf and without personal liability), confirming the same as at the Effective Time;

(b) all representations and warranties of TransAlta set forth in the Arrangement Agreement were true and correct as of the date of the Arrangement Agreement and shall be true and correct as of the Effective Time (except for representations and warranties as of a specified date, the accuracy of which shall be determined as of that specified date), except to the extent that the failure or failures of such representations and warranties to be true and correct, individually or in the aggregate, would not have a Material Adverse Effect (and, for this purpose, any reference to "material", "Material Adverse Effect" or other concepts of materiality in such representations and warranties shall be ignored), and Renewables shall have received a certificate of TransAlta addressed to Renewables and dated the Effective Time, signed on behalf of TransAlta by two senior executive officers of TransAlta (on TransAlta's behalf and without personal liability), confirming the above as at the Effective Time;

(c) TransAlta shall have furnished Renewables with certified copies of the resolutions duly passed by the TransAlta Board approving the Arrangement Agreement and the consummation of the transactions contemplated by the Arrangement Agreement;

(d) TransAlta shall have deposited or caused to be deposited in escrow with the Depositary the aggregate Renewables Cash Consideration and TransAlta Shares that will be payable to the Renewables Shareholders under the Arrangement Agreement in accordance with Section 2.14 of the Arrangement Agreement, and Renewables shall have received written confirmation of the receipt of such funds and TransAlta Shares by the Depositary; and

(e) no Material Adverse Change in respect of TransAlta shall have occurred since the date of the Arrangement Agreement.

Additional Covenant of Renewables Regarding Non-Solicitation

Under the Arrangement Agreement, Renewables has agreed to certain non-solicitation covenants as follows:

(a) Renewables shall immediately cease and cause to be terminated all solicitations, discussions and negotiations (including, without limitation, through any of its officers, directors, advisors (including investment bankers or any other financial advisors), employees, accountants, agents and all other representatives (collectively, the "**Representatives**")), if any, with any third-parties other than TransAlta, with respect to any actual or potential Acquisition Proposal. Renewables shall immediately discontinue, and shall cause its Representatives to discontinue, access to any of its confidential information and not allow or establish access to any of its confidential information, or any data room, virtual or otherwise and pursuant to and in accordance with each applicable confidentiality agreement, shall promptly request the return or destruction of all confidential information regarding Renewables provided to any third-party in connection with any potential or actual Acquisition Proposal to the extent that such information has not previously been returned or destroyed, and shall use all commercially reasonable efforts to ensure that such requests are honored in accordance with the terms of any confidentiality agreement governing such information. Renewables agrees that it shall not terminate, waive, release, amend, modify or otherwise forbear from the enforcement of, and agrees to take all commercially reasonable actions to actively prosecute and enforce, any agreement containing standstill or comparable provisions and any provision of any existing confidentiality agreement or any standstill agreement to which it is a party (it being acknowledged by TransAlta that the automatic termination or release of any standstill restrictions or comparable provisions of any such agreements as a result of entering into and announcing the Arrangement Agreement shall not be a violation of Subsection 3.4(a)) of the Arrangement Agreement;

(b) except as expressly provided for in Section 3.4 of the Arrangement Agreement, Renewables shall not, directly or indirectly, do or authorize or permit any of its Representatives to do, any of the following:

    (i) solicit, initiate, encourage or facilitate or take any action whatsoever to solicit, initiate, encourage or facilitate any inquiries, proposals or offers, whether publicly or otherwise, regarding an actual or potential Acquisition Proposal;

    (ii) withdraw, amend, modify or qualify, or propose publicly to withdraw, amend, modify or qualify, in any manner adverse to TransAlta, the approval of the Arrangement by the Renewables Board or the recommendation of the Renewables Board that the Renewables Shareholders vote in favour of the Arrangement Resolution at the Meeting;

    (iii) make any public announcement or take any other action inconsistent with the recommendation of the Renewables Board;

    (iv) initiate, encourage or otherwise engage or participate in any negotiations or discussions with any other person regarding an actual or potential Acquisition Proposal, or furnish information or provide access to any other person any information with respect to Renewables' securities, business, properties, operations or condition (financial or otherwise) in connection with, or in furtherance of, an actual or potential Acquisition Proposal or otherwise cooperate in any way with, or assist or participate in, facilitate or encourage, any effort or attempt of any other person to do or seek to do any of the foregoing;

    (v) accept, recommend, approve, agree to endorse or publicly propose to accept, recommend, approve, agree to endorse or enter into an agreement to implement any Acquisition Proposal, or take no position or remain neutral with respect to any Acquisition

Proposal or otherwise take any action that could reasonably be expected to lead to an Acquisition Proposal; or

(vi) accept, recommend, approve, agree to endorse or publicly propose to accept, recommend, approve, agree to endorse or enter into an agreement, understanding or arrangement (including any letter of intent or agreement in principle) in respect of any Acquisition Proposal or any proposal or offer that could be expected to lead to an Acquisition Proposal,

provided, however, that notwithstanding any other provision of the Arrangement Agreement but subject to Subsection 3.4(d) of the Arrangement Agreement, Renewables and its Representatives may, prior to Renewables obtaining the approval of the Arrangement Resolution by Renewables Shareholders at the Meeting, enter into or participate in any discussions or negotiations with, or furnish information or provide access to, any person in response to an Acquisition Proposal by such person if and only to the extent that:

(vii) such Acquisition Proposal is an unsolicited bona fide written Acquisition Proposal received by Renewables from such person other than as a result from a breach of Section 3.4 of the Arrangement Agreement and the Renewables Board has determined, in good faith, after consultation with the Renewables Financial Advisors and outside legal counsel, that such Acquisition Proposal, if completed in accordance with its terms, would constitute or could reasonably be expected to constitute a Superior Proposal; and

(viii) (A) Renewables shall have complied with and continues to be in compliance with all other requirements of Section 3.4 of the Arrangement Agreement and the person making the Acquisition Proposal shall not have been restricted from making such Acquisition Proposal pursuant to existing confidentiality, non-disclosure or standstill agreement or similar restriction; (B) the Renewables Board, after consultations with the Renewables Financial Advisors and outside legal counsel as reflected in the minutes of the meetings of the Renewables Board, determines in good faith that failure to take such action would be inconsistent with its fiduciary duties under Applicable Laws; and (C) prior to providing any information or data to such person in connection with such Acquisition Proposal: (1) Renewables notifies TransAlta of the determination by the Renewables Board that such Acquisition Proposal constitutes or would reasonably be expected to constitute a Superior Proposal; and (2) the Renewables Board receives from such person an executed confidentiality agreement that contains confidentiality provisions that are no less favourable to Renewables than those contained in the Confidentiality Agreement and that prohibit such person from acquiring, directly or indirectly, any securities of Renewables or any rights or options to acquire securities of Renewables for a period of 12 months following the date of such confidentiality agreement, and TransAlta is provided promptly with a copy of such confidentiality agreement (provided that such confidentiality agreement may not grant such person the exclusive right to negotiate with Renewables, may not restrict Renewables from complying with Section 3.4 of the Arrangement Agreement and shall provide for disclosure together with all information provided thereunder to be provided to TransAlta) and any information that was provided to such person which was not previously provided to TransAlta;

(c) If, after the date of the Arrangement Agreement, Renewables or its Representatives is in receipt of any proposal, inquiry or offer (or any amendment thereto) constituting an Acquisition Proposal or any request (which request may reasonably considered to be in furtherance of, or in relation to, an Acquisition Proposal) for non-public information relating to Renewables or its properties, facilities, books or records in connection with any proposal, inquiry or offer (or any amendment thereto) that constitutes or would reasonably be expected to constitute or lead to an Acquisition Proposal, Renewables shall promptly (and in any event within 24 hours of receipt by Renewables) notify TransAlta, first orally and then in writing, of such Acquisition Proposal, or any amendments to the foregoing. Renewables shall provide to TransAlta a copy of such Acquisition Proposal (and any

amendment thereto) or any request (which request may reasonably considered to be in furtherance of, or in relation to, an Acquisition Proposal) for non-public information relating to Renewables or its properties, facilities, books or records or, if no written Acquisition Proposal has been received, a description of the material terms and conditions of, and the identity of the person making any such Acquisition Proposal together with such other details of the Acquisition Proposal or request for material information as TransAlta may reasonably request (to the extent known by Renewables). Renewables shall keep TransAlta regularly and promptly informed of the status of and any change to the material terms of any Acquisition Proposal, request or amendment thereto, in writing and shall provide to TransAlta copies of all material or substantive correspondence with respect to such Acquisition Proposal or proposal, inquiry, offer or request if in writing or electronic form, and if not in writing or electronic form, a description of the material terms of such correspondence;

(d) Renewables shall not accept, approve or recommend, nor enter into any agreement in respect of an Acquisition Proposal (other than a confidentiality agreement permitted by Section 3.4 of the Arrangement Agreement), unless:

(i) the Acquisition Proposal constitutes a Superior Proposal and the person making the Acquisition Proposal shall not have been restricted from making such Acquisition Proposal pursuant to existing confidentiality, non-disclosure or standstill agreement or similar restriction;

(ii) Renewables has complied with and continues to be in compliance with its obligations in Section 3.4 of the Arrangement Agreement;

(iii) Renewables has provided TransAlta with: (A) notice in writing that the Renewables Board, after consultation with the Renewables Financial Advisors and external legal counsel as reflected in the minutes of the meeting of the Renewables Board, has determined that the Acquisition Proposal constitutes a Superior Proposal and has accepted, approved or recommended, or entered into such agreement relating to, the Acquisition Proposal; (B) copies of the proposed definitive agreement for the Superior Proposal and any confidentiality and standstill agreement between Renewables and the person making the Superior Proposal, if not previously delivered, as well as all supporting materials, including any financing documents supplied to Renewables or its Representatives in connection therewith; and (C) written notice regarding the value and financial terms that the Renewables Board, in consultation with the Renewables Financial Advisors, has determined should be ascribed to any non-cash consideration offered under such Superior Proposal, in each case, at least five Business Days prior to the time at which the Renewables Board proposes to accept, approve, recommend or enter into any agreement relating to such Superior Proposal;

(iv) five Business Days shall have elapsed from the later of the date TransAlta received the notice, documentation and other materials referred to in Subsection 3.4(d)(iii) of the Arrangement Agreement from Renewables in respect of the Acquisition Proposal and the date on which TransAlta received notice of Renewables' proposed determination to accept, approve, recommend or to enter into any agreement relating to such Superior Proposal, and, if TransAlta has proposed to amend the terms of the transactions contemplated in the Arrangement Agreement and the Arrangement in accordance with Subsection 3.4(e), the Renewables Board (after receiving advice from the Renewables Financial Advisors and outside legal counsel) shall have determined in good faith that the Acquisition Proposal is a Superior Proposal compared to the proposed amendment to the terms of the Arrangement Agreement and the Arrangement proposed by TransAlta;

(v) Renewables concurrently terminates the Arrangement Agreement pursuant to Subsections 8.2(d)(ii) of the Arrangement Agreement; and

(vi) Renewables has previously paid, or concurrently pays, to TransAlta the TransAlta Damages Fee;

(e) during the period(s) referred to in Subsection 3.4(d)(iii) and Subsection 3.4(d)(iv) of the Arrangement Agreement, TransAlta shall have the opportunity, but not the obligation, to propose to amend the terms of the transactions contemplated in the Arrangement Agreement and the Arrangement and Renewables shall, and shall cause its counsel and other advisors to, co-operate with TransAlta with respect thereto, including negotiating with TransAlta and its counsel and other advisors to enable TransAlta to propose such adjustments to the terms and conditions of the Arrangement Agreement and the Arrangement as TransAlta deems appropriate and as would enable Renewables to proceed with the Arrangement and the transactions contemplated in the Arrangement Agreement on such adjusted terms. The Renewables Board shall review any proposal by TransAlta to amend the terms of the transactions contemplated in the Arrangement Agreement and the Arrangement in order to determine, in good faith in the exercise of its fiduciary duties, whether TransAlta's proposal to amend the transactions contemplated by the Arrangement Agreement and the Arrangement would result in the Acquisition Proposal not being a Superior Proposal compared to the proposed amendment to the transactions contemplated by the Arrangement Agreement and the Arrangement. In the event that TransAlta proposes to amend the terms of the transactions contemplated in the Arrangement Agreement and the Arrangement such that the Acquisition Proposal would not result in a transaction more favourable to the Renewables Shareholders from a financial point of view, than the Arrangement as so amended, as determined by the Renewables Board in good faith (after receiving advice from the Renewables Financial Advisors and outside legal counsel) and TransAlta advises the Renewables Board of such proposed amendment within five Business Days of receiving notice of such Superior Proposal, the Renewables Board shall not: (i) accept, recommend, approve or enter into any agreement to implement such Superior Proposal; or (ii) withdraw, modify or change its recommendation in respect of the Arrangement. For greater certainty, each successive amendment to an Acquisition Proposal shall constitute a new Acquisition Proposal for the purposes of Section 3.4 of the Arrangement Agreement and shall initiate a new five Business Day match right period;

(f) TransAlta agrees that all information that may be provided to it by Renewables with respect to any Superior Proposal pursuant to Section 3.4 of the Arrangement Agreement shall be treated as if it were "Confidential Information" as that term is defined in the Confidentiality Agreement and shall not be disclosed or used except in accordance with the provisions of the Confidentiality Agreement in order to enforce its rights under the Arrangement Agreement in legal proceedings;

(g) if required by TransAlta, Renewables shall reaffirm its recommendation of the approval of the Arrangement by press release promptly in the event that;

(i) any Acquisition Proposal is publicly announced unless such Acquisition Proposal constitutes a Superior Proposal and Renewables otherwise complies with Subsections 3.4(d) and (e) of the Arrangement Agreement in respect thereof; or

(ii) the Parties have entered into an amended agreement pursuant to Subsection 3.4(e) of the Arrangement Agreement which results in any Acquisition Proposal not being a Superior Proposal,

TransAlta and its counsel shall be given a reasonable opportunity to review and comment on the form and content of any such press release. Such press release shall state that the Renewables Board has determined that the Acquisition Proposal is not a Superior Proposal and shall reaffirm the approvals, determinations and recommendations of the Renewables Board in respect of the Arrangement Agreement and the Arrangement Resolution;

(h) if Renewables provides the notice contemplated by Subsection 3.4(d)(iii) of the Arrangement Agreement on a date which is less than five Business Days prior to the Meeting, TransAlta shall be entitled to require Renewables to adjourn or postpone the Meeting to a date that is not more than

seven Business Days following the date after Renewables has complied with its obligations under Subsection 3.4(b)(viii)(B) of the Arrangement Agreement;

(i) neither Renewables nor the Renewables Board shall withdraw, or qualify, amend or modify in a manner adverse to TransAlta, the approval or recommendation of the Arrangement by the Renewables Board, except if such withdrawal, qualification, amendment or modification occurs simultaneously with the entry by Renewables, in accordance with the requirements of Subsection 3.4(d) and Subsection 3.4(e) of the Arrangement Agreement, into a definitive agreement with respect to an Acquisition Proposal constituting a Superior Proposal;

(j) nothing contained in the Arrangement Agreement shall prevent the Renewables Board from complying with Division 3 of National Instrument 62-104 – *Takeover Bids and Issuer Bids* and similar provisions under Applicable Laws relating to the provision of directors' circulars and making appropriate disclosure to its securityholders; and

(k) Renewables shall ensure that its Representatives are aware of the provisions of Section 3.4 of the Arrangement Agreement, and any violation of or the taking of any action which is inconsistent with any of the restrictions set forth in Section 3.4 of the Arrangement Agreement by any Representative shall be deemed to constitute a breach of Section 3.4 of the Arrangement Agreement by its Representatives.

Termination

The Arrangement Agreement may be terminated at any time prior to the Effective Time:

(a) by mutual written agreement of the Parties;

(b) by either Party:

(i) if the Effective Time has not occurred on or prior to the Outside Date, except that the right to terminate the Arrangement Agreement under Section 8.2(b)(i) of the Arrangement Agreement shall not be available to any Party whose failure to fulfill any of its obligations in the Arrangement Agreement has been the cause of, or resulted in, the failure of the Effective Time to occur on or prior to the Outside Date;

(ii) if the Arrangement Resolution is not approved by the Renewables Shareholders at the Meeting (or any adjournment(s) or postponement(s) thereof) in accordance with the Interim Order; or

(iii) if any Applicable Law makes the consummation of the Arrangement or the transactions contemplated by the Arrangement Agreement illegal or otherwise prohibited, and such Applicable Law has become final and non-appealable;

(c) by TransAlta:

(i) if:

(A) the Renewables Board shall have failed to publicly recommend the Arrangement Agreement or the Arrangement in the manner contemplated by Section 2.5 of the Arrangement Agreement;

(B) the Renewables Board shall have withdrawn or qualified, amended or modified in a manner adverse to TransAlta, the approval or recommendation of the Arrangement by the Renewables Board, otherwise than in the circumstances described in Subsection 8.2(d)(ii) of the Arrangement Agreement;

(C) the Renewables Board fails to publicly reaffirm its recommendation of the Arrangement Agreement and the Arrangement within two Business Days after having been requested to do so by TransAlta in accordance with Subsection 3.4(g) of the Arrangement Agreement;

(D) Renewables or the Renewables Board accepts, approves, endorses or recommends an Acquisition Proposal; or

(E) Renewables or the Renewables Board enters into any agreement in respect of a Superior Proposal (other than a confidentiality and standstill agreement permitted by Subsection 3.4(b)(viii) of the Arrangement Agreement);

(ii) subject to Section 5.4 of the Arrangement Agreement, if Renewables breaches any of its representations or warranties, or fails to perform any covenant or agreement made by it in the Arrangement Agreement, which breach or breaches would cause any condition set forth in Section 5.1 or Section 5.2 of the Arrangement Agreement not to be satisfied, and such breach or failure is incapable of being cured or is not cured in accordance with the terms of Section 5.4 of the Arrangement Agreement, except that the right to terminate the Arrangement Agreement under this clause shall not be available to TransAlta if it is then in breach of the Arrangement Agreement or the Management Services Agreement so as to cause, or result in, any condition in Section 5.1 or Section 5.2 of the Arrangement Agreement not to be satisfied;

(iii) if Renewables breaches any of its covenants or agreements in any material respect in Section 3.4 of the Arrangement Agreement unless such breach is a result of TransAlta failing to perform its obligations pursuant to the Management Services Agreement;

(iv) if after the date of the Arrangement Agreement, there occurs a Material Adverse Effect in respect of Renewables unless such Material Adverse Effect is a result of TransAlta failing to perform its obligations pursuant to the Management Services Agreement; or

(d) by Renewables:

(i) subject to Section 5.4 of the Arrangement Agreement, if TransAlta breaches any of its representations or warranties, or fails to perform any covenant or agreement made by it in the Arrangement Agreement, which breach or breaches would cause any condition set forth in Section 5.1 or Section 5.3 of the Arrangement Agreement not to be satisfied, and such breach or failure is incapable of being cured or is not cured in accordance with the terms of Section 5.4 of the Arrangement Agreement, except that the right to terminate the Arrangement Agreement under Section 8.2(d)(ii) shall not be available to Renewables if it is then in breach of the Arrangement Agreement so as to cause, or result in, any condition in Section 5.1 or Section 5.3 of the Arrangement Agreement not to be satisfied;

(ii) if the Renewables Board accepts, approves or recommends, or Renewables enters into any agreement with respect to, a Superior Proposal in compliance with the provisions of Subsection 3.4(d) of the Arrangement Agreement, provided that Renewables concurrently will have delivered to TransAlta written confirmation that the Renewables Board has accepted, approved or recommended, or Renewables has entered into such agreement relating to, such Superior Proposal; or

(iii) if, after the date of the Arrangement Agreement, there occurs a Material Adverse Effect in respect of TransAlta.

In the event of the termination of the Arrangement Agreement in the circumstances set out in Section 8.1 thereof or paragraphs (a) through (d) of Section 8.2 thereof, the Arrangement Agreement shall forthwith

become void and of no further force and effect and neither Party (nor any shareholder, director, officer, agent, consultant or representative of such Party) shall have any liability or further obligation to the other under the Arrangement Agreement except that: (a) in the event of termination under Section 8.1 of the Arrangement Agreement as a result of the Effective Time occurring, Section 2.13 of the Arrangement Agreement shall survive for a period of six years following such termination; and (b) in the event of termination under Section 8.2 of the Arrangement Agreement, Section 8.2 and Sections 1.5, 1.11, 3.1(g), 3.2(k), 4.3, 6.1, 6.2, 7.2, 9.1, 10.1, 10.2, 10.3, 10.4, 10.6 and 10.7 of the Arrangement Agreement shall survive termination of the Arrangement Agreement and each Party's obligations under the Confidentiality Agreement shall remain full force and effect in accordance with the terms thereof.

Unless otherwise provided in the Arrangement Agreement, the exercise by either Party of any right of termination under the Arrangement Agreement shall be without prejudice to any other remedy available to such Party and for greater certainty nothing in Section 8.2 of the Arrangement Agreement shall relieve any Party from liability for any breach by it of the Arrangement Agreement that occurred prior to the date of termination.

TransAlta Damages Fee

If at any time after the execution of the Arrangement Agreement, the Arrangement Agreement is terminated:

(a) by TransAlta pursuant to Subsection 8.2(c)(i), or 8.2(c)(iii) of the Arrangement Agreement; or

(b) by Renewables or TransAlta pursuant to Subsection 8.2(b)(ii) of the Arrangement Agreement but prior to such termination an Acquisition Proposal (or an intention to make an Acquisition Proposal) in respect of Renewables shall have been announced, made or otherwise publicly disclosed (and not withdrawn) prior to the date proposed for the Meeting, and, within nine months following the date of such termination:

(i) the Renewables Board recommends any Acquisition Proposal which is subsequently consummated at any time thereafter (whether or not in such nine month period);

(ii) Renewables shall have entered into or become party to a binding agreement with respect to any Acquisition Proposal (whether or not such Acquisition Proposal is the same Acquisition Proposal referred to above) which is subsequently consummated at any time thereafter (whether or not in such nine month period); or

(iii) any Acquisition Proposal is consummated with Renewables; or

(c) by Renewables pursuant to Subsection 8.2(d)(ii) of the Arrangement Agreement,

(each of the above being a "**TransAlta Damages Event**"), Renewables shall pay to TransAlta $95,400,000 (the "**TransAlta Damages Fee**") as liquidated damages in immediately available funds to an account designated by TransAlta, with the TransAlta Damages Fee to be paid: (a) in the case of Subsection 6.1(a) of the Arrangement Agreement, within two Business Days of termination; (b) in the case of Subsection 6.1(b) of the Arrangement Agreement, on the date on which the Acquisition Proposal (as it may be modified or amended) is consummated (whether occurring during such nine month period or thereafter); and (c) in the case of Subsection 6.1(c) of the Arrangement Agreement, in accordance with Subsection 3.4(d) of the Arrangement Agreement. Following a TransAlta Damages Event, but prior to payment of the TransAlta Damages Fee as required, Renewables shall be deemed to hold such funds in trust for TransAlta. Renewables shall only be obligated to pay the TransAlta Damages Fee once pursuant to Section 6.1 of the Arrangement Agreement. For the purposes of the foregoing, the term "**Acquisition Proposal**" shall have the meaning assigned to such term in Section 1.1 of the Arrangement Agreement, except that references to "20% or more" shall be deemed to be references to "50% or more".

Amendment

The Arrangement Agreement may, at any time and from time to time, before or after the holding of the Meeting but not later than the Effective Time, be amended by written agreement of the Parties, subject to the Interim Order, the Final Order and Applicable Laws, without further notice to or authorization on the part of the TransAlta Shareholders and the Renewables Shareholders, provided that no such amendment reduces or adversely affects the consideration to be received by a Renewables Shareholder without approval by the Renewables Shareholders given in the same manner as required for the approval of the Arrangement or as may be ordered by the Court.

Renewables Lock-up Agreements

The following is a summary of certain provisions of the Renewables Lock-up Agreements and is qualified in its entirety by the full text of the form of such Renewables Lock-up Agreement set forth in Appendix J to this Circular. Renewables Shareholders are urged to read the form of Renewables Lock-up Agreement in its entirety.

On July 10, 2023, all of the directors of Renewables, collectively holding approximately 0.02% of the outstanding Renewables Shares on a non-diluted basis, entered into the Renewables Lock-up Agreements with TransAlta pursuant to which they agreed, among other things, to vote their Renewables Shares: (a) in favour of the approval of the Arrangement Resolution at the Meeting and all related matters; and (b) against any Acquisition Proposal (other than the Arrangement) and any other action, proposal, transaction or matter that could reasonably be expected to impede, interfere with, delay, discourage, adversely affect or inhibit the timely consummation of the Arrangement or any other transaction contemplated by the Arrangement Agreement. Furthermore, to the extent that any Renewables DSUs held by the directors of Renewables have any voting rights, the Renewables DSU Holders have agreed to vote such rights in favour of the Arrangement and the Arrangement Resolution. Pursuant to the Renewables Lock-up Agreements the directors of Renewables have also agreed to provide Renewables with confirmation of such votes and prior to the Proxy Deadline.

All of the directors of Renewables who are Renewables Shareholders have also agreed to a number of negative covenants in furtherance of the consummation of the Arrangement, as particularized in the Renewables Lock-up Agreements.

In addition, each director of Renewables has agreed, subject to their respective fiduciary duties, not to:

(a) take any action or make any public statement which would prevent, delay, impede, interfere with or materially adversely affect the timely consummation of the Arrangement or any other transaction contemplated by the Arrangement Agreement; or

(b) requisition or join in the requisition of any meeting of security holders of Renewables or solicit proxies or become a participant in a solicitation in opposition to the Arrangement or act jointly or in concert with others with respect to voting securities of Renewables for the purpose of opposing the Arrangement or any other transaction contemplated by the Arrangement Agreement (including the Arrangement Resolution) or for the purpose of considering any matter which may reasonably be expected to impede, interfere with, delay, discourage, adversely affect or inhibit the timely consummation of the Arrangement or any other transaction contemplated by the Arrangement Agreement.

Each Renewables Lock-up Agreement will continue in force until the earliest of: (a) the date on which the Renewables director and TransAlta agree otherwise in writing; (b) the Effective Time of the Arrangement; and (c) the date on which the Arrangement Agreement is terminated in accordance with its terms.

Procedure for the Arrangement to Become Effective

The Arrangement is proposed to be carried out pursuant to Section 192 of the Act. The following procedural steps must be taken for the Arrangement to become effective, subject to a further order of the Court:

(a) the Arrangement Resolution must be approved by the Renewables Shareholders at the Meeting in the manner set forth in the Interim Order;

(b) the Arrangement must be approved by the Court pursuant to the Final Order;

(c) all Regulatory Approvals and other material consents must been obtained on terms and conditions acceptable to TransAlta and Renewables;

(d) all conditions precedent to the Arrangement as set forth in the Arrangement Agreement must be satisfied or waived by the appropriate Parties; and

(e) the Final Order and Articles of Arrangement, in the form prescribed by the Act, must be filed with the CBCA Director and a Certificate of Arrangement must be issued by the CBCA Director.

There is no assurance that the conditions set out in the Arrangement Agreement will be satisfied or waived on a timely basis.

Upon the conditions precedent set forth in the Arrangement Agreement being satisfied, or waived, Renewables intends to file a copy of the Final Order and Articles of Arrangement with the CBCA Director together with such other materials as may be required by the CBCA Director, in order to receive a Certificate of Arrangement from the CBCA Director to give effect to the Arrangement. The conditions set out in Article 5 of the Arrangement Agreement are conclusively deemed to have been satisfied, waived or released when, with the agreement of the Parties, Articles of Arrangement are filed under the Act to give effect to the Arrangement.

Key Approvals

Renewables Shareholder Approval

For the Arrangement to be implemented (subject to a further order of the Court), the Arrangement Resolution approving the Arrangement must be approved by:

(a) at least two-thirds of the votes cast by all Renewables Shareholders present in person or by proxy at the Meeting; and

(b) by a majority of the votes cast by all Renewables Shareholders present in person or by proxy at the Meeting after excluding the votes attached to Renewables Shares that, to the knowledge of Renewables and its directors and senior officers, after reasonable inquiry, are beneficially owned or over which control or direction is exercised by the Renewables Interested Parties.

The Arrangement Agreement provides that, upon determination by the Renewables Special Committee that the Arrangement Resolution will not receive the level of approval required to become effective, Renewables may adjourn or postpone the Meeting in order to undertake measures to facilitate approval of the Arrangement Resolution. In such cases, the Meeting will be held not later than 30 days after the date on which the Meeting was originally scheduled.

Majority of Renewables Shareholder Approval and MI 61-101

The Arrangement constitutes a "business combination" as well as a "related party transaction" for Renewables under MI 61-101 since TransAlta is considered a "related party" of Renewables and since, as a consequence of the Arrangement, the interest of a holder of Renewables Shares may be terminated without the consent of such holder of Renewables Shares. Accordingly, under MI 61-101, in addition to the approval of the Arrangement Resolution by at least two-thirds of the votes cast by Renewables Shareholders at the Meeting as required under applicable corporate law, the Arrangement Resolution must also be approved by the affirmative vote of a simple majority of the votes cast by the Renewables Shareholders, other than Renewables Shares held by a Renewables Interested Party.

To the knowledge of the directors and senior officers of the Renewables after reasonable inquiry, as at the date of this Circular, the Renewables Shareholders whose votes are required to be excluded for purposes of "minority approval", as contemplated by clause (b) above, beneficially owned, or exercised control or direction over, an aggregate 160,409,135 Renewables Shares representing approximately an aggregate 60.10% of the issued and outstanding Renewables Shares. See "*Details of the Arrangement – Securities Law Matters*".

In order for Renewables Shareholders to have their Renewables Shares represented at the Meeting, Renewables Shareholders should complete the enclosed form of proxy, or return the voting instruction form or other authorization form provided to them by their broker or intermediary in accordance with the instructions provided therein. See "*General Proxy Matters for Renewables*".

Court Approval

The Act provides that the Arrangement requires approval of the Court. Prior to the mailing of this Circular, Renewables was granted the Interim Order providing for the calling and holding of the Meeting and other procedural matters. A copy of the Interim Order is set forth in Appendix C to this Circular.

As provided in the Notice of Originating Application (a copy of which accompanies this Circular), the hearing in respect of the Final Order is scheduled to take place on October 4, 2023 at 2:00 p.m. (Calgary time). At the hearing, any Renewables Shareholder or other interested party who wishes to participate or to be represented or to present evidence or argument may do so, subject to filing a Notice of Intention to Appear on or before September 28, 2023 at 12:00 p.m. (Calgary time), and satisfying other requirements. See "*Notice of Originating Application*".

Renewables has been advised by its counsel, Stikeman Elliott LLP, that the Court has broad discretion under the Act when making orders in respect of the Arrangement and that the Court will consider, among other things, the fairness and reasonableness of the Arrangement to the Renewables Shareholders. The Court is not bound by the affirmative vote of the Renewables Shareholders. The Court may approve the Arrangement either as proposed or as amended in any manner the Court may direct, subject to compliance with such terms and conditions, if any, as the Court thinks fit. However, if any amendments are made to the Arrangement, it is a condition of the completion of the Arrangement that the Final Order be, in form and substance, reasonably satisfactory to TransAlta and Renewables.

Stock Exchange Approval

TransAlta is a reporting issuer under the securities laws in each of the provinces of Canada. The TransAlta Shares are listed and posted for trading on the TSX under the symbol "TA" and on the NYSE under the symbol "TAC". On July 10, 2023, the last trading day on which the TransAlta Shares traded prior to announcement of the Arrangement Agreement, the closing price of the TransAlta Shares on the TSX was $12.23 and on the NYSE was US$9.21. On August 24, 2023, the closing price of the TransAlta Shares on the TSX was $13.29, and on the NYSE was US$9.77.

Renewables is a reporting issuer under the securities laws in each of the provinces of Canada. The Renewables Shares are listed and posted for trading on the TSX under the symbol "RNW". On July 10, 2023, the last trading day on which the Renewables Shares traded prior to announcement of the Arrangement Agreement, the closing price of the Renewables Shares on the TSX was $10.99. On August 24, 2023, the closing price of the Renewables Shares on the TSX was $13.24.

It is anticipated that the Renewables Shares will be delisted from the TSX two to three Business Days following the completion of the Arrangement and upon the TSX receiving all required information. For information with respect to the trading history of the TransAlta Shares and the Renewables Shares, see Appendix G – "*Information Concerning TransAlta Corporation*" and Appendix H – "*Information Concerning TransAlta Renewables Inc.*" to this Circular, respectively.

It is a mutual condition to the completion of the Arrangement that the TSX and the NYSE shall each have conditionally approved the listing of the TransAlta Shares issuable pursuant to the Arrangement. Both the TSX and the NYSE have conditionally approved the listing of 46,441,779 TransAlta Shares issuable to Renewables Shareholders and up to 119,652 TransAlta Shares issuable to holders of Renewables DSUs in connection with the settlement of the Renewables DSUs subject to TransAlta fulfilling all of the TSX and NYSE listing requirements.

Timing

If the Meeting is held on September 26, 2023 as scheduled, and not adjourned or postponed, and the Renewables Shareholders approve the Arrangement Resolution as required by the Arrangement Agreement and the Interim Order, and provided that no condition exists which would prevent completion of the Arrangement, Renewables anticipates that October 4, 2023 will be the date on which Renewables will apply to the Court for the Final Order approving the Arrangement. If the Final Order is obtained and the other conditions contained in the Arrangement Agreement are satisfied or waived, Renewables expects that the Arrangement will close on or about October 5, 2023. However, it is not possible to state conclusively when the Arrangement will be effective.

Securities Law Matters

The following discussion is only a general overview of certain requirements of Canadian and United States securities laws applicable to the resale of TransAlta Shares issuable pursuant to the Arrangement. All holders of such securities are urged to consult with counsel to ensure that the resale of their securities complies with applicable securities legislation.

Canada

Resale of Securities

The TransAlta Shares to be issued to Renewables Shareholders pursuant to the Arrangement will be issued in reliance on exemptions from the prospectus requirements of Applicable Canadian Securities Laws, will generally be "freely tradable" and the resale of such TransAlta Shares will be exempt from the prospectus requirements (and not subject to any "restricted period" or "hold period") under Applicable Canadian Securities Laws if the following conditions are met: (a) the trade is not a control distribution (as defined in Applicable Canadian Securities Laws); (b) no unusual effort is made to prepare the market or to create a demand for the securities that are the subject of the trade; (c) no extraordinary commission or consideration is paid to a person or company in respect of the trade; and (d) if the selling shareholder is an insider or an officer of TransAlta, the selling shareholder has no reasonable grounds to believe that TransAlta is in default of securities legislation. **Renewables Shareholders are urged to consult their legal advisors to determine the applicability to them of the resale restrictions prescribed by Applicable Canadian Securities Laws.**

Application of MI 61-101

Renewables is subject to the provisions of MI 61-101 as it is a reporting issuer in the provinces of Alberta, Manitoba, Ontario, Québec and New Brunswick (among others). MI 61-101 is intended to regulate certain transactions to ensure equality of treatment among securityholders, generally requiring enhanced disclosure, approval by a majority of securityholders excluding interested or related parties, independent valuations and, in certain instances, approval and oversight of the transaction by a special committee of independent directors. The protections of MI 61-101 apply to, among other transactions, "business combinations" which terminate the interests of securityholders without their consent and "related party transactions".

For Renewables, the Arrangement constitutes a "business combination" as well as a "related party transaction" under MI 61-101 and consequently completion of the Arrangement is subject to obtaining minority approval of the Arrangement Resolution. Furthermore, Renewables was required to obtain a formal valuation of the Renewables Shares in accordance with MI 61-101. The NBF Formal Valuation and Fairness Opinion was prepared by NBF to satisfy this requirement.

In determining minority approval for a business combination, Renewables is required to exclude the votes attached to Renewables Shares that, to the knowledge of Renewables and its directors and senior officers after reasonable inquiry, are beneficially owned or over which control or direction is exercised by TransAlta and all other "interested parties" and their "related parties" and "joint actors", all as defined in MI 61-101. The Renewables Shares held by the Renewables Interested Parties will be excluded in determining whether minority approval of the Arrangement Resolution for the purposes of MI 61-101 is obtained.

To the knowledge of Renewables and its directors and senior officers after reasonable inquiry and for the purposes of MI 61-101, it is expected that the votes in respect of an aggregate of 160,409,135 Renewables Shares, which represent approximately 60.10% of the issued and outstanding Renewables Shares, are held by the Renewables Interested Parties and will be excluded in determining whether approval of the Arrangement by the disinterested Renewables Shareholders has been obtained. Details of the shareholdings of the Renewables Interested Parties as at August 24, 2023 are as follows:

Name of the Renewables Interested Party	**Renewables Shares Beneficially Owned or Controlled or Directed**
TransAlta Corporation(1)	160,398,217 Renewables Shares (60.10%)
RBC Global Asset Management Inc.	0 Renewables Shares (0%)
Brookfield Asset Management Inc.	0 Renewables Shares (0%)
Rona Ambrose	0 Renewables Shares (0%)
John P. Dielwart	0 Renewables Shares (0%)
Alan J. Fohrer	0 Renewables Shares (0%)
Laura W. Folse	0 Renewables Shares (0%)
Harry Goldgut	0 Renewables Shares (0%)
John H. Kousinioris	2,540 Renewables Shares (0.000952%)
Candace MacGibbon	0 Renewables Shares (0%)
Thomas M. O'Flynn	0 Renewables Shares (0%)
Bryan D. Pinney	0 Renewables Shares (0%)
James Reid	0 Renewables Shares (0%)
Manjit Sharma	0 Renewables Shares (0%)

Name of the Renewables Interested Party	Renewables Shares Beneficially Owned or Controlled or Directed
Sandra Sharman	0 Renewables Shares (0%)
Sarah A. Slusser	0 Renewables Shares (0%)
Todd Stack	4,000 Renewables Shares (0.001499%)
Jane N. Fedoretz(2)	725 Renewables Shares (0.000272%)
Kerry O'Reilly	0 Renewables Shares (0%)
Chris Fralick	0 Renewables Shares (0%)
Aron Willis	0 Renewables Shares (0%)
Blain van Melle	2,653 Renewables Shares (0.000994%)
Scott Jeffers	1,000 Renewables Shares (0.000375%)
Brent Ward	0 Renewables Shares (0%)
Shasta Kadonaga	0 Renewables Shares (0%)
Michelle Cameron	0 Renewables Shares (0%)

Notes:
(1) Includes 60,646,375 Renewables Shares held by TransAlta Generation Partnership of which TransAlta is the manager.
(2) These Renewables Shares are held by Ken Fedoretz through an RRSP.

MI 61-101 requires Renewables to disclose any "prior valuations" (as defined in MI 61-101) of Renewables or its material assets or securities made within the 24-month period preceding the date of this Circular. After reasonable inquiry, neither Renewables nor any director or senior officer of Renewables has knowledge of any such "prior valuation". Disclosure is also required for any bona fide prior offer for the Renewables Shares or that is otherwise relevant to the Arrangement during the 24 months before the Arrangement Agreement was agreed to. See "*The Arrangement – Background to the Arrangement*" in this Circular for a discussion of the offers made during the 24 months before the Arrangement Agreement was agreed to.

United States

The TransAlta Shares issuable to Renewables Shareholders in the United States in exchange for their Renewables Shares pursuant to the Arrangement, have not been and will not be registered under the 1933 Act or any state securities laws, and will be issued in reliance upon the exemption from the registration requirements of the 1933 Act provided by Section 3(a)(10) thereof and exemptions under applicable state securities laws. Section 3(a)(10) of the 1933 Act exempts the issuance of any securities issued in exchange for one or more bona fide outstanding securities from the general requirement of registration where the terms and conditions of the issuance and exchange of such securities have been approved by a court of competent jurisdiction that is expressly authorized by law to grant such approval, after a hearing upon the fairness of the terms and conditions of such issuance and exchange at which all persons to whom it is proposed to issue the securities have the right to appear and receive timely notice thereof. The Court is authorized to conduct a hearing at which the fairness of the terms and conditions of the Arrangement will be considered. The Court granted the Interim Order on August 23, 2023 and, subject to the approval of the Arrangement by Renewables Shareholders and satisfaction of certain other conditions, a hearing on the Arrangement will be held on October 4, 2023 by the Court. Prior to the hearing on the Final Order, the Court will be informed of this effect of the Final Order. All Renewables Shareholders are entitled to appear and be heard at this hearing. The Final Order will constitute the basis for the exemption from the registration requirements of the 1933 Act provided by Section 3(a)(10) thereof with respect to the TransAlta Shares to be issued and distributed to Renewables Shareholders pursuant to the Arrangement. See "*Details of the Arrangement – Procedure for the Arrangement to Become Effective*" and "*Details of the Arrangement – Key Approvals*" in this Circular.

The TransAlta Shares issuable to Renewables Shareholders in the United States pursuant to the Arrangement will be, following completion of the Arrangement, freely tradable under the 1933 Act, except by persons who will be "affiliates" of TransAlta after the Effective Date or were affiliates of TransAlta within 90 days before the Effective Date. Persons who may be deemed to be "affiliates" of an issuer generally include individuals or entities that control, are controlled by, or are under common control with, the issuer, whether through the ownership of voting securities, by contract or otherwise, and generally include executive officers and directors of the issuer as well as principal shareholders of the issuer.

Any resale of such TransAlta Shares by such an affiliate (or, if applicable, former affiliate) may be subject to the registration requirements of the 1933 Act and applicable state securities laws, absent an exemption therefrom. Subject to certain limitations, such affiliates (and former affiliates) may immediately resell such TransAlta Shares outside the United States without registration under the 1933 Act if that resale is made in a manner that complies with Regulation S under the 1933 Act. Such TransAlta Shares may also be resold in transactions completed in accordance with Rule 144 under the 1933 Act, if available.

Any TransAlta Shareholder who is an affiliate of TransAlta at the time of the proposed resale, became an affiliate of TransAlta after consummation of the Arrangement or has been an affiliate within 90 days of the Effective Time, is urged to consult its own legal advisor to ensure that any proposed resale of TransAlta Shares issued to them under the Arrangement complies with the applicable requirements under the 1933 Act.

Procedure for Exchange of Renewables Shares for Renewables Share Consideration and Renewables Cash Consideration

Registered Renewables Shareholders (other than TransAlta, its affiliates and the Dissenting Shareholders) must duly complete and return a Letter of Transmittal together with the certificate(s) or DRS advice(s) representing their Renewables Shares and all other required documents to the Depositary at one of the offices specified in the Letter of Transmittal. If the Arrangement becomes effective, the deposit of Renewables Shares pursuant to the Letter of Transmittal will be irrevocable. However, in the event that the Arrangement is not completed, any deposited Renewables Shares will be promptly returned to the Renewables Shareholder who provided such certificate(s) or DRS advice(s) to the Depositary. Additional copies of the Letter of Transmittal are available by contacting the Depositary at the numbers listed thereon. The Letter of Transmittal is also filed under Renewables' SEDAR profile at www.sedarplus.ca.

Enclosed with this Circular is a Letter of Transmittal that is required to be completed by registered Renewables Shareholders. The Letter of Transmittal, when properly completed and returned together with the certificate(s) or DRS advice(s) representing Renewables Shares and all other required documents, will enable each registered Renewables Shareholder to obtain the aggregate Renewables Share Consideration and/or Renewables Cash Consideration that the Renewables Shareholder is entitled to receive under the Arrangement pursuant to the election made (or deemed to be made) by the Renewables Shareholder, subject to pro-rationing as set forth in the Plan of Arrangement.

The Letter of Transmittal contains complete instructions on how to exchange your Renewables Shares and elect to receive the Renewables Share Consideration and/or the Renewables Cash Consideration to which you are entitled under the Arrangement. Please review the Letter of Transmittal carefully and complete in accordance with the instructions set forth therein.

The Letter of Transmittal will allow each Renewables Shareholder to elect the consideration that the Renewables Shareholder wishes to receive under the Arrangement (subject to pro-rationing as set forth in the Plan of Arrangement). Any Renewables Shareholder who does not duly complete and return a Letter of Transmittal prior to the Election Deadline, or otherwise fails to comply with the requirements of the Letter of Transmittal (including Renewables Shareholders who duly exercise Dissent Rights but are ultimately not entitled, for any reason, to be paid fair value for their Renewables Shares in respect of which they have exercised Dissent Rights), shall be deemed to have elected to receive the Renewables Share Consideration

in respect of all of such holder's Renewables Shares (subject to pro-rationing as set forth in the Plan of Arrangement).

From and after the Effective Time, certificates formerly representing Renewables Shares shall represent only the right to receive the consideration to which the former Renewables Shareholders are entitled under the Arrangement, or as to those held by Dissenting Shareholders, other than those Dissenting Shareholders deemed to have participated in the Arrangement pursuant to the Plan of Arrangement, to receive the fair value of the Renewables Shares represented by such certificates. Within three Business Days of the Effective Date or, in the case of Renewables Shares deposited after the Effective Date, as soon as practicable following the date of deposit by a former holder of the Renewables Shares acquired by TransAlta under the Arrangement together with a duly completed Letter of Transmittal and the certificate(s) or DRS advice(s) representing such Renewables Shares and all other required documents, shall, if elected by the Renewables Shareholder in the Letter of Transmittal, be held for pick-up at the noted offices of the Depositary and, in the absence of such election, be forwarded by first class mail, postage pre-paid, to the person and at the address specified in the relevant Letter of Transmittal or, if no address has been specified therein, at the address specified for the particular Renewables Shareholder in the register of Renewables Shareholders. Certificates mailed pursuant hereto will be deemed to have been delivered at the time of delivery thereof to the post office. A Renewables Shareholder may elect to receive the Renewables Cash Consideration that they are entitled to by wire payment by completing Box E in the Letter of Transmittal.

Any certificate(s) or DRS advice(s) formerly representing Renewables Shares that is not deposited with all other documents as required by the Plan of Arrangement, or any payment made by way of cheque to the Depositary pursuant to the Plan of Arrangement that has been returned to the Depositary or that otherwise remains unclaimed on or before the day prior to the third anniversary of the Effective Date shall cease to represent a right or interest of or a claim by any former Renewables Shareholder of any kind or nature against TransAlta or the Depositary. On such date, the Renewables Share Consideration and the Renewables Cash Consideration to which the former holder of the certificate(s) or DRS advice(s) referred to in the preceding sentence was ultimately entitled, or the claim to payment under the Plan of Arrangement that remains outstanding, as the case may be, shall be deemed to have been surrendered and forfeited to TransAlta, together with all entitlements to dividends, distributions and any interest thereon held for such former registered holder, for no consideration, and such shares and rights shall thereupon terminate and be cancelled and the name of the former registered holder shall be removed from the register of holders of such shares. In the event any certificate(s) or DRS advice(s) that immediately prior to the Effective Time represented one or more outstanding Renewables Shares that were transferred to TransAlta in accordance with Section 3.1 of the Plan of Arrangement, shall have been lost, stolen or destroyed, the applicable Renewables Shareholders must follow the procedures set forth in the Letter of Transmittal.

Renewables Shareholders whose Renewables Shares are registered in the name of a broker, investment dealer, bank, trust company or other nominee should immediately contact such person for instructions and assistance with making an election for their Renewables Shares prior to the Election Deadline.

The method used to deliver the Letter of Transmittal and any accompanying certificate(s) or DRS advice(s) representing Renewables Shares is at the option and risk of the person depositing the same, and delivery will be deemed effective only when such documents are actually received by the Depositary at its office specified on the back page of the Letter of Transmittal. It is recommended that the necessary documentation be hand delivered to the Depositary, at its office specified on the back page of the Letter of Transmittal, and a receipt obtained. However, if such documents are mailed, it is recommended that registered mail be used and that proper insurance be obtained.

Notwithstanding the provisions of the Letter of Transmittal, the certificate(s) or DRS advice(s) representing TransAlta Shares and/or the Renewables Cash Consideration will not be mailed if the Parties determine that delivery thereof by mail may be delayed. Persons entitled to certificate(s) or DRS advice(s) representing TransAlta Shares and/or the Renewables Cash Consideration which are not mailed for the

foregoing reason may take delivery thereof at the office of the Depositary in which the deposited certificates representing Renewables Shares were originally deposited until such time that it is determined that the delivery by mail will no longer be delayed.

Renewables Shareholders are encouraged to deliver a validly completed and duly executed Letter of Transmittal together with the relevant share certificate(s) or DRS advice(s) to the Depositary as soon as possible.

Dissent Rights

The following description of the right to dissent to which registered Renewables Shareholders are entitled is not a comprehensive statement of the procedures to be followed by a Dissenting Shareholder who seeks payment of the fair value of such Dissenting Shareholder's Renewables Shares and is qualified in its entirety by reference to the full text of the Interim Order, Plan of Arrangement and the text of Section 190 of the Act, which is attached to this Circular as Appendix D. A Dissenting Shareholder who intends to exercise the right to dissent should carefully consider and comply with the provisions of the Act, as modified by the Interim Order and the Plan of Arrangement. Failure to adhere to the procedures established therein may result in the loss of all rights thereunder. Accordingly, each Dissenting Shareholder who might desire to exercise Dissent Rights should consult his or her own legal advisor.

A Court hearing the application for the Final Order has the discretion to alter the rights of dissent described herein based on the evidence presented at such hearing. Pursuant to the Interim Order and subject to certain tests as described below, Dissenting Shareholders are entitled, in addition to any other right such Dissenting Shareholder may have, to dissent and to be paid by TransAlta the fair value of the Renewables Shares held by such Dissenting Shareholder, determined as of the close of business on the last Business Day before the day on which the Arrangement Resolution from which such Dissenting Shareholder's dissent was adopted and provided the Arrangement is completed in respect of such shareholder. **A Dissenting Shareholder may dissent only with respect to all of the Renewables Shares held by such Dissenting Shareholder. Only registered Renewables Shareholders may dissent. Persons who are beneficial owners of Renewables Shares (i.e. the shares registered in the name of a broker, dealer, bank, trust company or other nominee) and who wish to dissent should be aware that they may only do so through the registered owner of such Renewables Shares. Accordingly, a non-registered holder of Renewables Shares desiring to exercise Dissent Rights must make arrangements for the Renewables Shares beneficially owned by that holder to be registered in the name of the shareholder prior to exercising such Dissent Rights, or alternatively, make arrangements for the registered owners to exercise Dissent Rights on behalf of the beneficial holder. A written objection to the Arrangement Resolution should set forth the number of Renewables Shares covered by it.**

Registered Renewables Shareholders are entitled to dissent in respect of the Arrangement Resolution in the manner provided in Section 190 of the Act, as modified by the Interim Order and the Plan of Arrangement. A registered Renewables Shareholder who wishes to dissent must deliver a written objection to Renewables c/o Stikeman Elliott LLP, Bankers Hall West, 4200 888 – 3 St SW, Calgary, AB T2P 5C5, Attention: Geoffrey D. Holub and Matti Lemmens by September 22, 2023 5:00 p.m. (Calgary time) or, in the event that the Meeting is adjourned or postponed, no later than 5:00 p.m. on the second Business Day immediately preceding the date the adjourned or postponed Meeting is reconvened or held, as the as may be. A failure to strictly comply with the provisions of the Act, as modified by the Interim Order and the Plan of Arrangement, may result in the loss of a Renewables Shareholder's Dissent Rights. **No Renewables Shareholder who has voted in favour of the Arrangement Resolution shall be entitled to dissent with respect to the Arrangement.**

Registered Renewables Shareholders who are considering exercising Dissent Rights should be aware that there can be no assurance that the fair value of their Renewables Shares as determined under the applicable provisions of the Act (as modified by the Plan of Arrangement and the Interim Order) will be more than or equal to the consideration payable under the Arrangement. In addition,

any judicial determination of fair value may result in a delay of receipt by a Dissenting Shareholder of consideration for such Dissenting Shareholder's Renewables Shares.

TransAlta or a Dissenting Shareholder may apply to the Court, after the approval of the Arrangement Resolution, to fix the fair value of such Dissenting Shareholder's Renewables Shares. If such an application is made to the Court by either TransAlta or a Dissenting Shareholder, TransAlta must, unless the Court orders otherwise, send to each Dissenting Shareholder, a written offer to pay such Dissenting Shareholder an amount considered by the TransAlta Board to be the fair value of the Renewables Shares held by such Dissenting Shareholder. The offer, unless the Court orders otherwise, must be sent to each Dissenting Shareholder at least 10 days before the date on which the application is returnable, if TransAlta is the applicant, or within 10 days after TransAlta is served a copy of the application, if a Dissenting Shareholder is the applicant. Every offer will be made on the same terms to each Dissenting Shareholder and must contain or be accompanied with a statement showing how the fair value was determined.

A Dissenting Shareholder may make an agreement with TransAlta for the purchase of such Renewables Shareholder's Renewables Shares in the amount of the offer made by TransAlta, or otherwise, at any time before the Court pronounces an order fixing the fair value of the Renewables Shares.

A Dissenting Shareholder will not be required to give security for costs in respect of an application and, except in special circumstances, will not be required to pay the costs of the application or appraisal. On the application, the Court will make an order fixing the fair value of the Renewables Shares of all Dissenting Shareholders who are parties to the application, giving judgment in that amount against TransAlta and in favour of each of those Dissenting Shareholders and fixing the time within which TransAlta must pay the amount payable to each Dissenting Shareholder calculated from the date on which such Dissenting Shareholder ceases to have any rights as a Renewables Shareholder until the date of payment.

On the Arrangement becoming effective or upon the making of an agreement between TransAlta and the Dissenting Shareholder as to the payment to be made by TransAlta to the Dissenting Shareholder or upon the pronouncement of a Court order, whichever first occurs, such Dissenting Shareholder will cease to have any rights as a Renewables Shareholder other than the right to be paid the fair value of such Renewables Shareholder's Renewables Shares in the amount or in the amount of the judgment, as the case may be. Until one of these events occurs, the Dissenting Shareholder may withdraw his or her dissent or, if the Arrangement has not yet become effective, Renewables may rescind the Arrangement Resolution and in such event the dissent and appraisal proceedings in respect of that Dissenting Shareholder will be discontinued.

All Renewables Shares held by Dissenting Shareholders who exercise their Dissent Rights will, if the holders thereof do not otherwise withdraw their written objections, be deemed to be transferred to TransAlta under the Arrangement (if applicable), and cancelled in exchange for the fair value thereof or will, if such Dissenting Shareholders ultimately are not so entitled to be paid the fair value thereof, be treated as if the holders had participated in the Arrangement on the same basis as a non-dissenting holder of Renewables Shares.

The above summary does not purport to provide a comprehensive statement of the procedures to be followed by Dissenting Shareholders who seek payment of the fair value of their Renewables Shares. Section 190 of the Act, as modified by the Interim Order and the Plan of Arrangement, requires adherence to the procedures established therein and failure to do so may result in the loss of all rights thereunder. **Accordingly, Renewables Shareholders who might desire to exercise their Dissent Rights should carefully consider and comply with the provisions of the Interim Order, Plan of Arrangement and Section 190 of the Act, the full text of which is set out in Appendix D to this Circular and consult their own legal advisor.**

Unless otherwise waived, it is a condition to the completion of the Arrangement that holders of Renewables Shares representing not more than 10% of the issued and outstanding Renewables Shares shall have validly exercised Dissent Rights in respect of the Arrangement that have not been withdrawn as of the Effective Date.

Costs of the Arrangement

The costs of Renewables to be incurred relating to the Arrangement including without limitation, financial, advisory, accounting, valuation, legal fees, the preparation and delivery of the Arrangement Agreement and this Circular are estimated to be less than $5 million.

Except as expressly provided in the Arrangement Agreement, each of TransAlta and Renewables will bear its own costs and expenses in connection with the transactions contemplated by the Arrangement. The Arrangement Agreement provides that, upon the occurrence of certain events, TransAlta or Renewables will be required to reimburse the other for all reasonable out-of-pocket expenses it incurred in connection with the Arrangement Agreement and the Arrangement.

Source of Funds

TransAlta expects to fund the maximum aggregate amount of cash payable to Renewables Shareholders, including all related fees and expenses in connection with the Arrangement, with available cash on hand.

OTHER INFORMATION RELATING TO THE ARRANGEMENT

Certain Canadian Federal Income Tax Considerations

The following summary describes the principal Canadian federal income tax considerations generally applicable under the Tax Act to a beneficial owner of Renewables Shares who exchanges or disposes of Renewables Shares pursuant to the Arrangement and who, for purposes of the Tax Act and at all relevant times: (a) deals at arm's length with Renewables and TransAlta; (b) is not affiliated with Renewables or TransAlta; and (c) holds the Renewables Shares, and will hold any TransAlta Shares received under the Arrangement, as capital property (each such beneficial owner, a "**Holder**"). Generally, Renewables Shares and TransAlta Shares (collectively, the "**Securities**") will be capital property to a Holder provided the Holder does not hold the Securities in the course of carrying on a business or as part of an adventure or concern in the nature of trade.

This summary is based on the current provisions of the Tax Act and on an understanding of the current administrative policies and assessing practices of the Canada Revenue Agency ("**CRA**") published in writing and publicly available prior to the date hereof. This summary takes into account all specific proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "**Proposed Amendments**") and assumes that all Proposed Amendments will be enacted in the form proposed. However, no assurances can be given that the Proposed Amendments will be enacted as proposed, or at all. This summary does not otherwise take into account or anticipate any changes in law or administrative policy or assessing practice, whether by legislative, regulatory, administrative or judicial action nor does it take into account tax legislation or considerations of any province, territory or foreign jurisdiction, which may differ from those discussed herein.

This summary is not applicable to a Holder: (a) that is a "specified financial institution"; (b) an interest in which is a "tax shelter investment"; (c) that is, for purposes of certain rules (referred to as the mark-to-market rules) applicable to securities held by financial institutions, a "financial institution"; (d) that reports its "Canadian tax results" in a currency other than Canadian currency; (e) that enters into, with respect to any Securities, a "derivative forward agreement"; (f) that is a "foreign affiliate" of a taxpayer resident in Canada, each as defined in the Tax Act; (g) who, immediately following the Arrangement, will, either alone or together with persons with whom such Holder does not deal at arm's length, beneficially own TransAlta Shares which have a fair market value in excess of 50% of the fair market value of all outstanding TransAlta Shares; or (h) that is exempt from tax under Part I of the Tax Act. Such Holders should consult their own tax advisors. In addition, this summary does not address all issues that may be relevant to Holders who acquired their Renewables Shares under an equity-based employment compensation arrangement, including in connection with the settlement of Renewables DSUs. Such Holders should consult their own tax advisors.

Additional considerations, not discussed herein, may be applicable to a Holder that is a corporation resident in Canada and is, or becomes, controlled by a non-resident corporation for the purposes of the "foreign affiliate dumping" rules in section 212.3 of the Tax Act. Such Holders should consult their own tax advisors.

This summary is not exhaustive of all possible Canadian federal income tax considerations applicable to a Holder in respect of the transactions described herein. The income or other tax consequences will vary depending on the particular circumstances of the Holder. Accordingly, this summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice or representations to any particular Holder. This summary does not discuss any non-Canadian income or other tax consequences of the Arrangement. Holders resident or subject to taxation in a jurisdiction other than Canada should be aware that the Arrangement may have tax consequences both in Canada and in such other jurisdiction. Such consequences are not described in this summary. All Renewables Shareholders should consult their own legal and tax advisors for advice with respect to the tax consequences of the transactions described in this Information Circular based on their particular circumstances.

Holders Resident in Canada

This portion of the summary is generally applicable to a Holder who, at all relevant times, for purposes of the Tax Act and any applicable income tax treaty or convention, is, or is deemed to be, resident in Canada (a "**Resident Holder**"). Certain Resident Holders may be entitled to make or may have already made the irrevocable election permitted by subsection 39(4) of the Tax Act, the effect of which may be to deem to be capital property any Securities and every other "Canadian security" (as defined in the Tax Act) owned by such Resident Holder in the taxation year in which the election is made and in all subsequent taxation years. Where a Resident Holder makes a Joint Tax Election in respect of their Renewables Shares as described below, the TransAlta Shares received under the Arrangement in exchange for such Renewables Shares will not be Canadian securities to such Resident Holder for this purpose and therefore will not be deemed to be capital property under subsection 39(4) of the Tax Act. Resident Holders whose Securities might not otherwise be considered to be capital property should consult their own tax advisors concerning this election.

Exchange of Renewables Shares under the Arrangement

Pursuant to the Arrangement, a Resident Holder may elect to receive either: (a) the Renewables Cash Consideration; or (b) the Renewables Share Consideration for each one of their Renewables Shares, subject to certain pro-rationing and rounding provisions under the Arrangement.

Subject to a Joint Tax Election being made as described below, a Resident Holder that elects (or is deemed to have elected) to receive a combination of the TransAlta Shares and the Renewables Cash Consideration in exchange for its Renewables Shares will be considered for purposes of the Tax Act and otherwise to receive only the TransAlta Shares for the number of Renewables Shares exchanged for the Renewables Share Consideration and only the Renewables Cash Consideration for the number of Renewables Shares exchanged for the Renewables Cash Consideration.

Renewables Shares Exchanged for Renewables Cash Consideration

For each Renewables Share that is exchanged for the Renewables Cash Consideration, a Resident Holder will realize a capital gain (or a capital loss) to the extent that the aggregate amount of cash received for the Renewables Share, net of any reasonable costs of disposition, exceeds (or is less than) the adjusted cost base of such share to the Resident Holder, unless the Resident Holder makes a Joint Tax Election (to the extent available and as described below). See "*Other Information Relating to the Arrangement – Certain Canadian Federal Income Tax Considerations – Holders Resident in Canada – Taxation of Capital Gains and Losses*" below for a general discussion of the treatment of capital gains and capital losses under the Tax Act.

Renewables Shares Exchanged for Renewables Share Consideration

For each Renewables Share that is exchanged for the Renewables Share Consideration, a Resident Holder will be deemed to have exchanged such Renewables Share under a tax-deferred share-for-share exchange pursuant to section 85.1 of the Tax Act, unless: (a) the Resident Holder chooses to recognize a capital gain (or a capital loss) by including such capital gain (or capital loss) in computing its income for the taxation year in which the exchange takes place; or (b) the Resident Holder makes a Joint Tax Election (to the extent available and as discussed further below).

Where a Resident Holder does not choose to recognize a capital gain (or a capital loss) in respect of the exchange of a Renewables Share for the Renewables Share Consideration and does not make a Joint Tax Election in respect of the exchange, such Resident Holder will be deemed to have disposed of the Renewables Share for proceeds of disposition equal to the Resident Holder's adjusted cost base of the Renewables Share, determined immediately before the exchange, and the Resident Holder will be deemed to have acquired the TransAlta Shares at a cost equal to the adjusted cost base of such Renewables Share. This cost will be averaged with the adjusted cost base of all other TransAlta Shares held by the Resident Holder for the purposes of determining the adjusted cost base of each TransAlta Share held by the Resident Holder.

A Resident Holder may choose to recognize a capital gain (or a capital loss) on the exchange of a Renewables Share for the Renewables Share Consideration by including the capital gain (or capital loss) in computing its income for the taxation year in which the Arrangement is completed. In such circumstances, the Resident Holder will recognize a capital gain (or a capital loss) equal to the amount, if any, by which the fair market value of the TransAlta Shares received in exchange for the Renewables Share, net of any reasonable costs associated with the disposition, exceeds (or is less than) the adjusted cost base of the Renewables Share to the Resident Holder, determined immediately before the exchange. For a description of the tax treatment of capital gains and capital losses, see "*Other Information Relating to the Arrangement – Certain Canadian Federal Income Tax Considerations – Holders Resident in Canada – Taxation of Capital Gains and Capital Losses*" below. The cost of the TransAlta Shares acquired on the exchange will be equal to the fair market value thereof. This cost will be averaged with the adjusted cost base of all other TransAlta Shares held by the Resident Holder for the purpose of determining the adjusted cost base of each TransAlta Share held by the Resident Holder.

Joint Tax Election

A Resident Holder who elects (or is deemed to have elected) to receive TransAlta Shares in exchange for all or a portion of the Renewables Shares held by the Resident Holder pursuant to the Arrangement will be entitled to make a joint tax election with TransAlta under section 85 of the Tax Act (and the corresponding provisions of any applicable provincial tax legislation) (a "**Joint Tax Election**"). A Resident Holder that makes a Joint Tax Election will be considered for purposes of the Tax Act and otherwise to have exchanged all of the Resident Holder's Renewables Shares as a single transaction for aggregate consideration consisting of the aggregate of the TransAlta Shares and the aggregate of any Renewables Cash Consideration received under the Arrangement.

By making a Joint Tax Election, a Resident Holder may be able to defer all or a portion of any capital gain that might otherwise arise on the exchange of the Resident Holder's Renewables Shares under the Arrangement. The availability and extent of any such deferral will depend on the Elected Amount (as defined below) and the Resident Holder's adjusted cost base of its Renewables Shares at the Effective Time. The "**Elected Amount**" for a Resident Holder that files a Joint Tax Election (an "**Electing Holder**") means the amount specified by the Electing Holder, subject to the limitations described below, in the Joint Tax Election to be treated as the proceeds of disposition of the Resident Holder's Renewables Shares.

In general, an Electing Holder's Elected Amount may not be:

(a) less than the aggregate of the Renewables Cash Consideration received by the Electing Holder under the Arrangement in exchange for the Renewables Shares in respect of which the Joint Tax Election is made;

(b) less than the lesser of (i) the adjusted cost base to the Electing Holder of the Renewables Shares in respect of which the Joint Tax Election is made, and (ii) the fair market value of the Electing Holder's Renewables Shares in respect of which the Joint Tax Election is made, in each case determined at the Effective Time; or

(c) greater than the fair market value of the Electing Holder's Renewables Shares in respect of which the Joint Tax Election is made at the Effective Time.

An Elected Amount that does not comply with the foregoing limitations will be automatically adjusted under the Tax Act to the extent required so that it is in compliance. Within these limits, the Elected Amount may generally be any amount specified by the Electing Holder in the Joint Tax Election.

The Canadian federal income tax treatment to an Electing Holder who makes a valid Joint Tax Election in respect of all of the Electing Holder's Renewables Shares will generally be as follows:

(a) the Electing Holder will be deemed to have disposed of the Electing Holder's Renewables Shares for proceeds of disposition equal to the Elected Amount;

(b) the Electing Holder will not recognize a capital gain (or a capital loss) if the Elected Amount equals the aggregate of the adjusted cost base to the Electing Holder of its Renewables Shares determined immediately before the Effective Time and any reasonable costs of disposition;

(c) the Electing Holder will recognize a capital gain (or a capital loss) to the extent that the Elected Amount exceeds (or is less than) the aggregate of the adjusted cost base to the Electing Holder of its Renewables Shares determined immediately before the Effective Time and any reasonable costs of disposition (see "*Other Information Relating to the Arrangement – Certain Canadian Federal Income Tax Considerations – Holders Resident in Canada – Taxation of Capital Gains and Capital Losses*" below for a general discussion of the treatment of capital gains and capital losses under the Tax Act); and

(d) the aggregate cost to the Electing Holder of the TransAlta Shares acquired on the exchange will equal the Elected Amount, less the aggregate amount of any Renewables Cash Consideration received by the Electing Holder, and for the purpose of determining the adjusted cost base to the Electing Holder of those shares, such cost will be averaged with the adjusted cost base to the Electing Holder of any other TransAlta Shares held at the Effective Time by the Electing Holder as capital property.

The relevant federal tax election form for making a Joint Tax Election is CRA Form T2057 (or if the Electing Holder is a partnership, CRA Form T2058), and certain other provincial jurisdictions may require that a separate joint election be filed for provincial income tax purposes. Electing Holders should consult their own tax advisors to determine whether they must file separate election forms with any provincial taxing jurisdiction. In addition, special compliance rules apply where Renewables Shares are held in joint ownership or are held as partnership property, and affected Electing Holders should consult their own tax advisors to determine all relevant filing requirements and procedures (including under provincial legislation) applicable in their particular circumstances.

To make a Joint Tax Election, an Electing Holder must provide the relevant information to TransAlta through a website that will be made available for this purpose, including: (a) the required information concerning the Electing Holder; (b) the details of the number of Renewables Shares exchanged in respect of which the

Electing Holder is making a Joint Tax Election; and (c) the applicable Elected Amount for such Renewables Shares. The relevant information must be submitted to TransAlta through the website on or before the day that is 90 days after the Effective Date (the "**Tax Election Deadline**"). TransAlta may not make a Joint Tax Election with an Electing Holder who does not provide the relevant information through the website on or before the Tax Election Deadline. After receipt of all of the relevant information through the website, and provided that the information provided complies with the rules under the Tax Act described above, TransAlta will deliver, within 90 days of the Tax Election Deadline and in any case prior to March 31, 2024, an executed copy of the Joint Tax Election containing the relevant information to each Electing Holder. Each Electing Holder will be solely responsible for executing its portion of the Joint Tax Election and submitting it to the CRA (and, where applicable, to any provincial tax authority) within the required time. In order to avoid late filing penalties, the Joint Tax Election is required to be filed with the CRA (and, where applicable, with any provincial tax authority) on or before the earliest day by which either TransAlta or the Electing Holder is required to file an income tax return for the taxation year that includes the Effective Date. TransAlta's 2023 taxation year is scheduled to end on December 31, 2023 but it could end earlier as a result of an event such as an amalgamation. Accordingly, all Resident Holders who wish to make a Joint Tax Election should give immediate attention to this matter and in particular should consult their own tax advisors without delay.

TransAlta will not be responsible for the proper completion of any election form or have any other liability or obligation in respect thereof except for the obligation of TransAlta to provide an executed copy of the Joint Tax Election containing the relevant information to each Electing Holder that has submitted the relevant information to TransAlta on or before the Tax Election Deadline. TransAlta will not be liable for or have any obligation in respect of any taxes, interest or penalties resulting from the failure of an Electing Holder to properly complete or file such election forms in the manner and within the time prescribed by the Tax Act (or any applicable provincial legislation).

Electing Holders are referred to CRA Information Circular 76-19R3 and CRA Interpretation Bulletin IT 291R3 for further information respecting the Joint Tax Election. An Electing Holder who does not make a valid Joint Tax Election (or corresponding provincial election, if applicable) may recognize a taxable capital gain under the Tax Act (or under applicable provincial tax legislation). The comments herein with respect to such elections are provided for general assistance only. The law in this area is complex and contains numerous technical requirements. Accordingly, Resident Holders who wish to make a Joint Tax Election should consult their own tax advisors.

Dissenting Resident Holders of Renewables Shares

A Resident Holder that validly exercises Dissent Rights (a "**Dissenting Resident Holder**") will be deemed under the Arrangement to have transferred such Resident Holder's Renewables Shares to TransAlta, and will be entitled to be paid the fair value of the Resident Holder's Renewables Shares.

A Dissenting Resident Holder will be considered to have disposed of its Renewables Shares for proceeds of disposition equal to the amount paid to such Dissenting Resident Holder less such portion of the amount in respect of interest, if any, awarded by the Court. Dissenting Resident Holders may realize a capital gain (or a capital loss) to the extent that such proceeds of disposition exceed (or are less than) the aggregate of the adjusted cost base of the Renewables Shares to the Dissenting Resident Holder and reasonable costs of the disposition. The taxation of capital gains and capital losses is discussed below under the heading "*Other Information Relating to the Arrangement – Certain Canadian Federal Income Tax Considerations – Holders Resident in Canada – Taxation of Capital Gains and Capital Losses*".

Any interest awarded by the Court to a Dissenting Resident Holder will be included in such Dissenting Resident Holder's income for the purposes of the Tax Act.

Holding and Disposing of TransAlta Shares

Dividends Received on TransAlta Shares

A Resident Holder will be required to include in computing its income for a taxation year any dividends received (or deemed to be received) on TransAlta Shares held by the Resident Holder. In the case of a Resident Holder that is an individual (other than certain trusts), such dividends will be subject to the gross-up and dividend tax credit rules applicable to taxable dividends received from taxable Canadian corporations, including the enhanced gross-up and dividend tax credit applicable to any dividend designated by TransAlta as an eligible dividend in accordance with the provisions of the Tax Act.

A dividend received (or deemed to be received) by a Resident Holder that is a corporation will generally be deductible in computing the corporation's taxable income. In certain circumstances, the Tax Act will treat a taxable dividend received by a Resident Holder that is a corporation as proceeds of disposition or a capital gain. Resident Holders that are corporations are urged to consult their own tax advisors having regard to their particular circumstances.

A Resident Holder that is a "private corporation", as defined in the Tax Act, or any other corporation controlled, whether because of a beneficial interest in one or more trusts or otherwise, by or for the benefit of an individual (other than a trust) or a related group of individuals (other than trusts), will generally be liable to pay a refundable tax under Part IV of the Tax Act on dividends received (or deemed to be received) on the TransAlta Shares to the extent such dividends are deductible in computing the Resident Holder's taxable income for the taxation year.

Taxable dividends received or deemed to be received by a Resident Holder who is an individual (other than certain trusts) may result in such Resident Holder being liable for alternative minimum tax under the Tax Act. The 2023 Canadian Federal Budget included proposals to amend the minimum tax rules in the Tax Act. Proposed Amendments relating to such proposals were released on August 4, 2023 and such Proposed Amendments, if adopted, may affect the liability of a Resident Holder for minimum tax. Resident Holders who are individuals should consult their own tax advisors in this regard.

Disposition of TransAlta Shares

Generally, on a disposition or deemed disposition of a TransAlta Share (other than in a tax-deferred transaction or a disposition to TransAlta that is not a sale in the open market in the manner in which shares would normally be purchased by any member of the public in an open market), a Resident Holder will realize a capital gain (or a capital loss) equal to the amount, if any, by which the proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base to the Resident Holder of the TransAlta Share held immediately before the disposition or deemed disposition. The adjusted cost base to the Resident Holder of a TransAlta Share will be determined by averaging the cost of such TransAlta Share with the adjusted cost base of all other TransAlta Shares held by the Resident Holder as capital property at that time. See "*Other Information Relating to the Arrangement – Certain Canadian Federal Income Tax Considerations – Holders Resident in Canada – Taxation of Capital Gains and Losses*" below for a general discussion of the treatment of capital gains and capital losses under the Tax Act.

Taxation of Capital Gains and Losses

Generally, a Resident Holder is required to include in computing its income for a taxation year one-half of the amount of any capital gain (a "**taxable capital gain**") realized in the year. Subject to and in accordance with the provisions of the Tax Act, a Resident Holder is required to deduct one-half of the amount of any capital loss (an "**allowable capital loss**") realized in a taxation year from taxable capital gains realized by the Resident Holder in the year and allowable capital losses in excess of taxable capital gains for the year may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against net taxable capital gains realized in such years.

The amount of any capital loss realized by a Resident Holder that is a corporation on the disposition of a Renewables Share or a TransAlta Share may be reduced by the amount of any dividends received (or deemed to be received) by the Resident Holder on such share to the extent and under the circumstances prescribed by the Tax Act. Similar rules may apply where a Renewables Share or a TransAlta Share is owned by a partnership or trust of which a corporation, trust or partnership is a member or beneficiary. Such Resident Holders should consult their own advisors.

Capital gains realized by a Resident Holder that is an individual (other than certain trusts) may give rise to a liability for alternative minimum tax under the Tax Act. The 2023 Canadian Federal Budget included proposals to amend the minimum tax rules in the Tax Act. Proposed Amendments relating to such proposals were related on August 4, 2023 and such Proposed Amendments, if adopted, may affect the liability of a Resident Holder for minimum tax. Resident Holders who are individuals should consult their own tax advisors in this regard.

Refundable Tax

A Resident Holder that is throughout the taxation year a "Canadian-controlled private corporation", as defined in the Tax Act, may be liable to pay a refundable tax on certain investment income, including taxable capital gains realized and dividends received or deemed to be received that are not deductible in computing taxable income and certain amounts in respect of interest. Proposed Amendments announced on August 9, 2022, would, if enacted, extend the liability for the refundable tax on "aggregate investment income" (as defined in the Tax Act) to a Resident Holder that is a "substantive CCPC" (as defined in the Proposed Amendments) at any time in the relevant tax year. Any such Resident Holders should consult with their own tax advisors in this regard.

Eligibility for Investment

TransAlta Shares received by Resident Holders in exchange for Renewables Shares under the Arrangement will be qualified investments under the Tax Act at the Effective Time for trusts governed by registered retirement savings plans ("**RRSP**"), registered retirement income funds ("**RRIF**"), registered education savings plans ("**RESP**"), registered disability savings plans ("**RDSP**"), tax-free savings accounts ("**TFSA**"), first home savings accounts ("**FHSA**" and, together with RRSP, RRIF, RESP, RDSP and TFSA, "**Registered Plans**"), and deferred profit sharing plans, provided that at the Effective Time: (a) the TransAlta Shares are listed on a "designated stock exchange", as defined in the Tax Act (which currently includes the TSX); or (b) TransAlta is a "public corporation", for the purposes of the Tax Act.

Notwithstanding that TransAlta Shares may be qualified investments for a trust governed by a Registered Plan, the holder, subscriber or annuitant of the Registered Plan, as the case may be, will be subject to a penalty tax as set out in the Tax Act if such TransAlta Shares are a "prohibited investment" for the Registered Plan for purposes of the Tax Act. A TransAlta Share will generally be a "prohibited investment" for a Registered Plan if the holder, subscriber or annuitant, as the case may be: (a) does not deal at arm's length with TransAlta for the purposes of the Tax Act; or (b) has a "significant interest" (as defined in the Tax Act) in TransAlta. In addition, the TransAlta Shares will generally not be a prohibited investment if such shares are "excluded property" as defined in the Tax Act for purposes of the prohibited investment rules.

Resident Holders who would receive TransAlta Shares within a Registered Plan pursuant to the Arrangement should consult their own tax advisors regarding their particular circumstances in advance of the Arrangement.

Holders Not Resident in Canada

This portion of the summary is generally applicable to a Holder who, at all relevant times, for purposes of the Tax Act and any applicable income tax treaty or convention, is not, and is not deemed to be, resident in Canada and does not, and will not, use or hold, and is not deemed to, and will not be deemed to, use or hold, the Renewables Shares or any TransAlta Shares in a business carried on in Canada (a "**Non-**

Resident Holder"). In addition, this discussion does not apply to an insurer who carries on an insurance business in Canada and elsewhere or an authorized foreign bank (as defined in the Tax Act).

Exchange of Renewables Shares under the Arrangement

A Non-Resident Holder will not generally be subject to tax under the Tax Act on any capital gain realized on an exchange of Renewables Shares pursuant to the Arrangement (or be entitled to recognize any capital loss) unless, at the Effective Time, the Renewables Shares are "taxable Canadian property" (as defined in the Tax Act) to the Non-Resident Holder and are not "treaty-protected property" (as defined in the Tax Act) of the Non-Resident Holder. See discussion below under "*Other Information Relating to the Arrangement – Certain Canadian Federal Income Tax Considerations – Holders Not Resident in Canada – Renewables Shares – Taxable Canadian Property*".

A Non-Resident Holder whose Renewables Shares are "taxable Canadian property" and are not "treaty-protected property" will generally have the same tax considerations as those described above under "*Other Information Relating to the Arrangement – Certain Canadian Federal Income Tax Considerations Holders Resident in Canada – Exchange of Renewables Shares under the Arrangement*", but will not be entitled to make a Joint Tax Election.

Renewables Shares – Taxable Canadian Property

Generally, the Renewables Shares will not be taxable Canadian property to a Non-Resident Holder at a particular time provided that the Renewables Shares are listed on a designated stock exchange (which includes the TSX) within the meaning of the Tax Act at that time, unless at any particular time during the 60-month period that ends at that time: (a) the Non-Resident Holder, persons with whom the Non-Resident Holder does not deal at arm's length, one or more partnerships in which the Non-Resident Holder or such persons hold a membership interest directly or indirectly through one or more partnerships, or any combination of the foregoing, owned 25% or more of the issued shares of any class or series of the capital stock of Renewables; and (b) more than 50% of the fair market value of the Renewables Shares was derived directly or indirectly from one or any combination of: (i) real or immovable property situated in Canada; (ii) "Canadian resource properties" (as defined in the Tax Act); (iii) "timber resource properties" (as defined in the Tax Act); and (iv) options or interests, or for civil law purposes, rights in respect of property described in (i), (ii) or (iii) whether or not the property exists. Notwithstanding the foregoing, in certain circumstances set out in the Tax Act, Renewables Shares could be deemed to be taxable Canadian property to a particular Non-Resident Holder.

Even if the Renewables Shares are taxable Canadian property to a Non-Resident Holder, a taxable capital gain resulting from the exchange or disposition of such shares under the Arrangement will not be included in computing the Non-Resident Holder's income for the purposes of the Tax Act if the Renewables Shares constitute "treaty-protected property". Renewables Shares owned by a Non-Resident Holder will generally be treaty-protected property if the gain from the exchange or disposition of such shares would, because of an applicable income tax treaty, be exempt from tax under the Tax Act.

A Non-Resident Holder who disposes of taxable Canadian property that is not treaty-protected property may be required to file a Canadian income tax return for the year in which the disposition occurs, regardless of whether the Non-Resident Holder is liable for Canadian tax on any gain realized as a result.

Non-Resident Holders whose Renewables Shares are, or may be, taxable Canadian property should consult their own tax advisors with respect to the Canadian federal tax consequences applicable to them of disposing of Renewables Shares pursuant to the Arrangement, including any resulting Canadian reporting obligations.

Dissenting Non-Resident Holders

A Non-Resident Holder who validly exercises Dissent Rights and receives a cash payment from TransAlta for its Renewables Shares (a "**Dissenting Non-Resident Holder**") pursuant to the Arrangement will be considered to have disposed of such Renewables Shares for proceeds of disposition equal to the amount of the cash payment less such portion of the amount in respect of interest, if any, awarded by the Court. Such Dissenting Non-Resident Holder will realize a capital gain (or a capital loss) to the extent that such payment (other than any portion thereof that is interest) exceeds (or is less than) the aggregate of the adjusted cost base of the Renewables Shares to the Dissenting Non-Resident Holder and any reasonable costs of the disposition. As discussed above under "*Other Information Relating to the Arrangement – Certain Canadian Federal Income Tax Considerations – Holders Not Resident in Canada – Exchange of Renewables Shares under the Arrangement*", any resulting capital gain would only be subject to tax under the Tax Act if the Dissenting Non-Resident Holder's Renewables Shares are taxable Canadian property to the Dissenting Non-Resident Holder at the Effective Time and are not treaty-protected property of the Dissenting Non-Resident Holder at that time.

Generally, an amount paid in respect of interest awarded by the Court to a Dissenting Non-Resident Holder will not be subject to Canadian withholding tax under the Tax Act.

Holding and Disposing of TransAlta Shares

Dividends Received on TransAlta Shares

Dividends paid or credited (or deemed to be paid or credited) on the TransAlta Shares to a Non-Resident Holder will be subject to Canadian withholding tax at the rate of 25%, subject to any reduction in the rate of withholding to which the Non-Resident Holder is entitled under any applicable income tax convention. For example, under the Convention, where dividends on the TransAlta Shares are considered to be paid to or derived by a Non-Resident Holder that is the beneficial owner of the dividends and is a U.S. resident for the purposes of, and is entitled to benefits in accordance with, the provisions of the Convention, the applicable rate of Canadian withholding tax is generally reduced to 15%.

Disposition of TransAlta Shares

A Non-Resident Holder will not generally be subject to tax under the Tax Act on any capital gain realized on a disposition or deemed disposition of TransAlta Shares (or be entitled to recognize any capital loss) unless the TransAlta Shares are "taxable Canadian property" to the Non-Resident Holder at the time of the disposition and are not "treaty-protected property" of the Non-Resident Holder at that time.

Generally, the TransAlta Shares will not be taxable Canadian property to a Non-Resident Holder at a particular time provided the TransAlta Shares are listed on a designated stock exchange (which includes the TSX and the NYSE) within the meaning of the Tax Act at that time, unless at any particular time during the 60-month period that ends at that time: (a) the Non-Resident Holder, persons with whom the Non-Resident Holder does not deal at arm's length, one or more partnerships in which the Non-Resident Holder or such persons hold a membership interest directly or indirectly through one or more partnerships, or any combination of the foregoing, owned 25% or more of the issued shares of any class or series of the capital stock of TransAlta; and (b) more than 50% of the fair market value of the TransAlta Shares was derived directly or indirectly from one or any combination of: (i) real or immovable property situated in Canada; (ii) "Canadian resource properties" (as defined in the Tax Act); (iii) "timber resource properties" (as defined in the Tax Act); and (iv) options or interests, or for civil law purposes, rights in respect of property described in (i), (ii) or (iii) whether or not the property exists. Notwithstanding the foregoing, in certain circumstances set out in the Tax Act, TransAlta Shares could be deemed to be taxable Canadian property to a particular Non-Resident Holder.

Even if the TransAlta Shares are taxable Canadian property to a Non-Resident Holder, a taxable capital gain resulting from the disposition of such shares will not be included in computing the Non-Resident

Holder's income for the purposes of the Tax Act if the TransAlta Shares constitute "treaty-protected property". TransAlta Shares owned by a Non-Resident Holder will generally be treaty-protected property if the gain from the disposition of such shares would, because of an applicable income tax treaty, be exempt from tax under the Tax Act.

Pursuant to the provisions of the Tax Act, where a Renewables Share constitutes "taxable Canadian property" to a Non-Resident Holder, any TransAlta Shares received by the Non-Resident Holder in a tax-deferred exchange for such Renewables Share will be deemed to constitute "taxable Canadian property" to the Non-Resident Holder for a period of 60 months following such exchange. The result is that such Non-Resident Holder may be subject to tax under the Tax Act on future gains realized on a disposition of those TransAlta Shares so long as the TransAlta Shares constitute "taxable Canadian property" to the Non-Resident Holder.

A Non-Resident Holder who disposes of taxable Canadian property that is not treaty-protected property may be required to file a Canadian income tax return for the year in which the disposition occurs, regardless of whether the Non-Resident Holder is liable for Canadian tax on any gain realized as a result.

Non-Resident Holders whose TransAlta Shares are, or may be, taxable Canadian property should consult their own tax advisors with respect to the Canadian federal tax consequences applicable to them of disposing of TransAlta Shares, including any resulting Canadian reporting obligations.

Certain United States Federal Income Tax Considerations

The following is a general summary of certain U.S. federal income tax considerations generally applicable to a U.S. Holder (as defined below) arising from the disposition of Renewables Shares pursuant to the Arrangement and the ownership and disposition of TransAlta Shares received pursuant to the Arrangement. This summary is for general information purposes only and does not purport to be a complete analysis or listing of all potential U.S. federal income tax considerations that may apply to a U.S. Holder. In addition, this summary does not take into account the individual facts and circumstances of any particular U.S. Holder that may affect the U.S. federal income tax considerations applicable to such U.S. Holder, including specific tax considerations for a U.S. Holder under an applicable tax treaty. Accordingly, this summary is not intended to be, and should not be construed as legal or U.S. federal income tax advice with respect to any U.S. Holder. This summary does not address U.S. federal alternative minimum, U.S. federal estate and gift, U.S. state and local, U.S. Medicare tax on net investment income or non-U.S. tax considerations applicable to U.S. Holders of the receipt of TransAlta Shares and/or cash pursuant to the Arrangement and the ownership and disposition of TransAlta Shares. Each U.S. Holder should consult its own tax advisor regarding all U.S. federal, U.S. state and local, and non-U.S. tax considerations applicable to such U.S. Holder of the Arrangement and the ownership and disposition of TransAlta Shares received pursuant to the Arrangement.

No opinion from U.S. legal counsel or ruling from the Internal Revenue Service ("**IRS**") has been requested, or will be obtained, regarding the U.S. federal income tax considerations applicable to the Arrangement and the ownership and disposition of TransAlta Shares received pursuant to the Arrangement. This summary is not binding on the IRS, and the IRS is not precluded from taking a position that is different from, and contrary to, the positions taken in this summary. In addition, because the authorities on which this summary is based are subject to various interpretations, the IRS and the U.S. courts could disagree with one or more of the positions taken in this summary.

Scope of This Disclosure

This summary is based on the Code, final and temporary U.S. Treasury regulations, court decisions, published positions of the IRS and other applicable authorities, each as currently in effect as of the date hereof and all of which are subject to change or differing interpretations (possibly with retroactive effect). Any of the authorities on which this summary is based could be changed in a material and adverse manner at any time, and any such change could be applied on a prospective or retroactive basis which could affect

the U.S. federal income tax considerations described in this summary. This summary does not discuss the potential effects, whether adverse or beneficial, of any proposed legislation that, if enacted, could be applied on a retroactive or prospective basis.

U.S. Holders

For purposes of this summary, the term "**U.S. Holder**" means a beneficial owner of Renewables Shares (or, after the Arrangement, TransAlta Shares) participating in the Arrangement or exercising Dissent Rights pursuant to the Arrangement, that is for U.S. federal income tax purposes:

(a) an individual who is a citizen or resident of the United States;

(b) a corporation (or other entity taxable as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia;

(c) an estate the income of which is subject to U.S. federal income taxation regardless of its source; or

(d) a trust that (a) is subject to the primary supervision of a court within the United States and one or more U.S. persons have the authority to control all substantial decisions of the trust or (b) has a valid election in effect under applicable U.S. Treasury Regulations to be treated as a U.S. person.

U.S. Holders Subject to Special U.S. Federal Income Tax Rules Not Addressed

This summary does not address the U.S. federal income tax considerations relating to the Arrangement or the ownership and disposition of TransAlta Shares received pursuant to the Arrangement to U.S. Holders that are subject to special provisions under the Code, including U.S. Holders that: (a) are tax-exempt organizations, qualified retirement plans, individual retirement accounts, or other tax-deferred accounts; (b) are banks or other financial institutions, underwriters, insurance companies, real estate investment trusts, or regulated investment companies; (c) are broker-dealers, dealers, or traders in securities or currencies that elect to apply a mark-to-market accounting method; (d) have a "functional currency" other than the U.S. dollar; (e) own Renewables Shares (or after the Arrangement, TransAlta Shares) as part of a straddle, hedging transaction, conversion transaction, constructive sale, or other arrangement involving more than one position; (f) acquired Renewables Shares in connection with the exercise of employee stock options or otherwise as compensation for services; (g) hold Renewables Shares (or after the Arrangement, TransAlta Shares) other than as a capital asset within the meaning of Section 1221 of the Code (generally, property held for investment purposes); (h) own, directly, indirectly, or by attribution, 5% or more, by voting power or value, of the outstanding Renewables Shares (or after the Arrangement, TransAlta Shares); or (i) acquired Renewables Shares by gift or inheritance. This summary also does not address the U.S. federal income tax considerations applicable to U.S. Holders who are: (a) U.S. expatriates or former long-term residents of the U.S.; (b) persons that have been, are, or will be a resident or deemed to be a resident in Canada for purposes of the Tax Act; (c) persons that use or hold, will use or hold, or that are or will be deemed to use or hold Renewables Shares (or after the Arrangement, TransAlta Shares) in connection with carrying on a business in Canada; (d) persons whose Renewables Shares (or after the Arrangement, TransAlta Shares) constitute "taxable Canadian property" under the Tax Act; or (e) persons that have a permanent establishment in Canada for the purposes of the Convention. U.S. Holders that are subject to special provisions under the Code, including U.S. Holders described immediately above, should consult their own tax advisors regarding all U.S. federal, U.S. state and local, and non-U.S. tax considerations relating to the Arrangement and the ownership and disposition of TransAlta Shares received pursuant to the Arrangement.

If an entity or arrangement that is classified as a partnership (including any other "pass-through" entity) for U.S. federal income tax purposes holds Renewables Shares (or after the Arrangement, TransAlta

Shares), the U.S. federal income tax considerations applicable to such partnership and the partners (or owners) of such partnership of participating in the Arrangement and the ownership and disposition of TransAlta Shares received pursuant to the Arrangement generally will depend on the activities of the partnership and the status of such partners (or owners). This summary does not address the tax considerations applicable to any such partnership or partner (or owner). Partners (or owners) of entities and arrangements that are classified as partnerships for U.S. federal, U.S. state and local, and non-U.S. tax purposes should consult their own tax advisors regarding the tax considerations relating to the Arrangement, and the ownership and disposition of TransAlta Shares received pursuant to the Arrangement.

THE SUMMARY OF CERTAIN U.S. FEDERAL INCOME TAX CONSIDERATIONS SET OUT BELOW IS FOR GENERAL INFORMATION ONLY. ALL U.S. HOLDERS OF RENEWABLES SHARES SHOULD CONSULT THEIR OWN TAX ADVISERS AS TO THE PARTICULAR TAX CONSIDERATIONS APPLICABLE TO THEM OF PARTICIPATING IN THE ARRANGEMENT INCLUDING THE APPLICABILITY AND EFFECT OF U.S. STATE AND LOCAL, NON-U.S. OR OTHER TAX LAWS AND POSSIBLE CHANGES IN TAX LAW.

Certain U.S. Federal Income Tax Considerations for U.S. Holders Relating to the Arrangement

General Tax Considerations Relating to the Arrangement

The Arrangement is expected to be a taxable event for U.S. federal income tax purposes. Accordingly, subject to the PFIC rules discussed below, the following U.S. federal income tax considerations generally will apply to U.S. Holders:

(a) gain or loss would be recognized in an amount equal to the excess of the fair market value of the TransAlta Shares and/or the U.S. dollar value of the Canadian currency received pursuant to the Arrangement over the U.S. Holder's adjusted tax basis in the Renewables Shares surrendered;

(b) the aggregate tax basis of the TransAlta Shares received in the Arrangement would be equal to the fair market value of such shares on the date of receipt; and

(c) the holding period for the TransAlta Shares received in the Arrangement would begin on the day after such shares are received.

Subject to the PFIC rules discussed below, any gain or loss described in the first bullet point immediately above would be capital gain or loss, which would be a long-term capital gain or loss if the U.S. Holder's holding period in the Renewables Shares exceeds one year as of the date of the Arrangement. Such gain or loss generally will be considered U.S. source gain or loss for U.S. foreign tax credit purposes. Non-corporate U.S. Holders (including individuals) generally will be subject to U.S. federal income tax on long-term capital gain at preferential rates. The deductibility of capital losses is subject to complex limitations under the Code.

U.S. Holders Exercising Dissent Rights

A U.S. Holder that exercises Dissent Rights with respect to its Renewables Shares and is paid cash in exchange for all of such U.S. Holder's Renewables Shares generally will recognize gain or loss in an amount equal to the difference, if any, between (a) the U.S. dollar value of the Canadian currency received by such U.S. Holder in exchange for such U.S. Holder's Renewables Shares on the date of receipt, and (b) such U.S. Holder's adjusted tax basis in the Renewables Shares surrendered. Subject to the PFIC rules discussed below, such gain or loss will be capital gain or loss, which would be long-term capital gain or loss if the U.S. Holder's holding period in the Renewables Shares exceeds one year as of the date of the Arrangement. Such gain or loss generally will be considered U.S. source gain or loss for U.S. foreign tax credit purposes. Non-corporate U.S. Holders (including individuals) generally will be subject to U.S.

federal income tax on long-term capital gain at preferential rates. The deductibility of capital losses is subject to complex limitations under the Code.

Tax Considerations Relating to the Arrangement if Renewables is Classified as a PFIC

A U.S. Holder of Renewables Shares could be subject to special, adverse tax rules in respect of the Arrangement if Renewables was classified as a "passive foreign investment company" within the meaning of Section 1297 of the Code ("**PFIC**") for any tax year during which such U.S. Holder has held Renewables Shares.

In general, a non-U.S. corporation is a PFIC for each tax year in which: (a) 75% or more of its gross income is passive income (as defined for U.S. federal income tax purposes); or (b) 50% or more of the value of its assets are considered "passive assets" (generally, assets that generate passive income), based on the quarterly average of the fair market value of such assets. For purposes of the PFIC provisions, "gross income" generally includes all revenues less cost of goods sold, plus income from investments and from incidental or outside operations or sources, and "passive income" generally includes dividends, interest, certain royalties and rents, certain gains from the sale of stock and securities, and certain gains from commodities transactions. In determining whether or not it is a PFIC, a non-U.S. corporation will be treated as owning its proportionate share of the assets and earning its proportionate share of the income of each corporation in which it owns, directly or indirectly, at least a 25% interest (by value).

Neither Renewables nor its counsel has undertaken to ascertain whether it is treated as a PFIC. The determination of PFIC status is fundamentally factual in nature, depends on the application of complex U.S. federal income tax rules which are subject to differing interpretations, and generally cannot be determined until the close of the taxable year in question. Accordingly, no assurance can be provided that Renewables is not and has not been classified as a PFIC.

If Renewables were to be treated as a PFIC for any tax year during which a U.S. Holder has held Renewables Shares, gain realized on the exchange of such U.S. Holder's Renewables Shares pursuant to the Arrangement generally would not be treated as capital gain. Instead, unless such U.S. Holder made certain elections under the PFIC rules with respect to its Renewables Shares, such U.S. Holder would be treated as if such U.S. Holder had realized such gain ratably over such U.S. Holder's holding period for the Renewables Shares and generally would be taxed at the highest tax rate in effect for each such year to which the gain was allocated, together with an interest charge in respect of the tax attributable to each such year, if any, in which Renewables was treated as a PFIC with respect to such U.S. Holder. With certain exceptions, a U.S. Holder's Renewables Shares will be treated as stock in a PFIC if Renewables were a PFIC at any time during such U.S. Holder's holding period in its Renewables Shares.

Each U.S. Holder should consult its own tax advisor regarding the status of Renewables as a PFIC, the possible effect of the PFIC rules to such U.S. Holder, as well as the availability of any election or exception that may be available to such U.S. Holder to mitigate adverse U.S. federal income tax consequences of holding shares in a PFIC.

Certain U.S. Federal Income Tax Considerations for U.S. Holders of the Ownership and Disposition of TransAlta Shares

The following discussion is subject, in its entirety, to the rules described below under "*Other Information Relating to the Arrangement – Certain United States Federal Income Tax Considerations – Passive Foreign Investment Company Status of TransAlta*".

Distributions on TransAlta Shares

For U.S. federal income tax purposes, a U.S. Holder that receives a distribution, including a constructive distribution, with respect to a TransAlta Share generally will be required to include the amount of such distribution in gross income as a dividend (without reduction for any Canadian income tax withheld from

such distribution) to the extent of the current or accumulated "earnings and profits" of TransAlta, as computed for U.S. federal income tax purposes. The amount of the dividend distribution that a U.S. Holder must include in income will be the U.S. dollar value of the Canadian dollar payments made, determined at the spot Canadian dollar/U.S. dollar rate on the date the dividend distribution is includible in such U.S. Holder's income, regardless of whether the payment is in fact converted into U.S. dollars on such date. Generally, any gain or loss resulting from currency exchange fluctuations during the period from the date a U.S. Holder includes the dividend payment in income to the date such U.S. Holder converts the payment into U.S. dollars will be treated as ordinary income or loss and will not be eligible for the special tax rate applicable to qualified dividend income. Such foreign exchange gain or loss generally will be U.S. source income or loss for U.S. foreign tax credit purposes. Any portion of the distribution in excess of TransAlta's earnings and profits will first be treated as a tax-free return of capital to the extent of the U.S. Holder's tax basis in its TransAlta Share and will be applied against and reduce that basis, but not below zero. To the extent that the distribution exceeds the U.S. Holder's tax basis, the excess will constitute gain from a sale or exchange of the TransAlta Share.

Dividends received on the TransAlta Shares by corporate U.S. Holders generally will not be eligible for the "dividends received deduction". Subject to applicable limitations, dividends paid by TransAlta to non-corporate U.S. Holders, including individuals, generally would be eligible for qualified dividend treatment and the preferential tax rates applicable to long-term capital gains, provided certain holding period and other conditions are satisfied, including that TransAlta not be classified as a PFIC in the tax year of distribution or in the preceding tax year. The dividend rules are complex, and each U.S. Holder should consult its own tax advisor regarding the application of such rules.

Subject to certain limitations, Canadian tax withheld from a distribution in accordance with the Convention and paid over to Canada will be creditable or deductible against the U.S. Holder's U.S. federal income tax liability. Special rules apply in determining the foreign tax credit limitation with respect to dividends that are subject to the preferential tax rates. To the extent a refund of the tax withheld is available under Canadian law or under the Convention, the amount of tax withheld that is refundable will not be eligible for credit against U.S. Holder's U.S. federal income tax liability. Dividends generally will be income from sources outside the United States and will, depending on such U.S. Holder's circumstances, be either "passive" or "general" income for purposes of computing the U.S. foreign tax credit allowable to such U.S. Holder. The rules governing the foreign tax credit are complex and involve the application of rules that depend upon a U.S. Holder's particular circumstances. Accordingly, U.S. Holders are urged to consult their own tax advisors regarding the availability of the foreign tax credit under their particular circumstances.

Sale, Exchange or Other Disposition of the TransAlta Shares

Upon a sale, exchange or other taxable disposition of the TransAlta Shares acquired pursuant to the Arrangement a U.S. Holder will recognize a capital gain or loss for U.S. federal income tax purposes in an amount equal to the difference between the U.S. dollar value of the fair market value of any cash and/or property received, and the U.S. Holder's adjusted tax basis in such TransAlta Shares. Any such gain or loss generally will be long-term capital gain or loss if the U.S. Holder's holding period in the TransAlta Shares exceeds one year. Such gain or loss generally will be considered U.S. source gain or loss for U.S. foreign tax credit purposes. Non-corporate U.S. Holders (including individuals) generally will be subject to U.S. federal income tax on long-term capital gain at preferential rates. The deductibility of capital losses is subject to complex limitations.

Passive Foreign Investment Company Status of TransAlta

As discussed above under "*Other Information Relating to the Arrangement – Certain United States Federal Income Tax Considerations – Tax Considerations Relating to the Arrangement if Renewables is Classified as a PFIC*", in general, a non-U.S. corporation is a PFIC for each tax year in which: (a) 75% or more of its gross income is passive income (as defined for U.S. federal income tax purposes); or (b) 50% or more of the value of its assets are considered "passive assets" (generally, assets that generate passive

income), based on the quarterly average of the fair market value of such assets. No opinion of legal counsel or ruling from the IRS concerning the status of TransAlta as a PFIC has been obtained or is currently planned to be requested. PFIC classification is fundamentally factual in nature, generally cannot be determined until the close of the tax year in question, and is determined annually. Additionally, the analysis depends, in part, on the application of complex U.S. federal income tax rules, which are subject to differing interpretations. Consequently, there can be no assurance that TransAlta is not or will not become, a PFIC for any tax year during which a U.S. Holder holds TransAlta Shares.

If TransAlta were classified as a PFIC in any taxable year during which a U.S. Holder owns TransAlta Shares, certain adverse tax consequences could apply to such U.S. Holder. Certain elections may be available to U.S. Holders of TransAlta Shares which may mitigate some of the adverse consequences that would result if TransAlta were to be treated as a PFIC. U.S. Holders should consult their own tax advisors regarding the application of the PFIC rules to their investments in TransAlta Shares and whether to make an election or protective election.

U.S. Holders should consult their own tax advisors regarding the potential application of the PFIC rules to the ownership and disposition of TransAlta Shares and the availability of certain U.S. tax elections under the PFIC rules.

Additional Considerations

Required Disclosure with Respect to Foreign Financial Assets

Under U.S. federal income tax law, certain categories of U.S. Holders must file information returns with respect to their investment in, or involvement in, Renewables or TransAlta. For example, U.S. return disclosure obligations (and related penalties) are imposed on individuals who are U.S. Holders that hold certain specified foreign financial assets in excess of certain thresholds. The definition of "specified foreign financial assets" includes not only financial accounts maintained in non-U.S. financial institutions, but also, if held for investment and not in an account maintained by certain financial institutions, any stock or security issued by a non-U.S. person, any financial instrument or contract that has an issuer or counterparty other than a U.S. person and any interest in a non-U.S. entity. U.S. Holders may be subject to these reporting requirements unless their Renewables Shares or TransAlta Shares are held in an account at certain financial institutions. Penalties for failure to file certain of these information returns are substantial. U.S. Holders should consult with their own tax advisors regarding the requirements of filing information returns under these rules, including the requirement to file an IRS Form 8938.

The discussion of reporting requirements set forth above is not intended to constitute an exhaustive description of all reporting requirements that may apply to a U.S. Holder. A failure to satisfy certain reporting requirements may result in an extension of the time period during which the IRS can assess a tax, and under certain circumstances, such an extension may apply to assessments of amounts unrelated to any unsatisfied reporting requirement. Each U.S. Holder should consult its own tax advisor regarding applicable reporting requirements and the information reporting and backup withholding rules.

This discussion does not address tax considerations that may vary with, or are contingent on, individual circumstances. Moreover, it only addresses certain U.S. federal income tax considerations and does not address any non-income tax or any state, local or non-United States tax considerations. U.S. Holders should consult their own tax advisors concerning the U.S. federal income tax considerations of the Arrangement and the ownership and disposition of TransAlta Shares received in the Arrangement in light of their own particular situation, as well as any considerations arising under the laws of any other taxing jurisdiction.

Tax Considerations in Other Jurisdictions

This Circular does not address any tax considerations of the Arrangement other than certain Canadian and United States federal income tax considerations. Shareholders who are resident in (or citizens of)

jurisdictions other than Canada or the United States should consult their own tax advisors with respect to the tax implications of the Arrangement, including any associated filing requirements in such jurisdictions. Shareholders should also consult their own tax advisors regarding provincial, state, local or territorial tax considerations of the Arrangement or of receiving and holding TransAlta Shares.

Interests of Certain Persons or Companies in the Arrangement

Except as disclosed below, to the knowledge of Renewables, no person that has been a director or executive officer of Renewables at any time since the beginning of Renewables last completed financial year or any associate or affiliate thereof has any material interest, direct or indirect, in the Arrangement.

The directors and executive officers of Renewables may have interests in the Arrangement that are, or may be, different from, or in addition to, the interests of the Renewables Shareholders. These interests include those described below. The Renewables Board was aware of these interests and considered them, among other matters, when recommending approval of the Arrangement to the Renewables Shareholders.

Interests of Renewables Directors and Officers in the Arrangement

The table below sets forth the Renewables Shares and Renewables DSUs which the directors, officers and insiders of Renewables and any of their respective affiliates and associates beneficially own or exercise control or direction over, directly or indirectly, as of the date hereof.

As at the close of business on August 24, 2023, the directors of Renewables held an aggregate of 106,451 Renewables DSUs and it is Renewables' expectation that it will issue approximately 7,078 additional DSUs between the date hereof and the Effective time in the ordinary course pursuant to the terms of the Renewables DSU Plan. Renewables DSUs held by the directors of Renewables will be exchanged for, as elected or deemed to be elected in writing by each Renewables DSU Holder prior to the Effective Time, Renewables Shares (which shall be deemed to be exchanged for the Renewables Share Consideration) and/or cash pursuant to the Arrangement. See "*The Arrangement – Renewables DSUs*".

As at the close of business on August 24, 2023, the directors and executive officers of Renewables and their associates or affiliates beneficially owned, controlled or directed, directly or indirectly, an aggregate of 45,623 Renewables Shares, representing approximately 0.017096% of the outstanding Renewables Shares. All of the Renewables Shares held by the directors, officers and insiders of Renewables (other than TransAlta and any of its affiliates), including any Renewables Shares issuable in exchange for Renewables DSUs, will be exchanged for TransAlta Shares pursuant to the Arrangement on the same basis as Renewables Shares held by other Renewables Shareholders.

Name and Position	Number of Renewables Shares Held	Percentage of Renewables Shares Held	TransAlta Shares Issuable in Exchange for Renewables Shares Held	Number of Renewables DSUs Held	Renewables Shares Subject to Renewables DSUs	Maximum TransAlta Shares Issuable in Exchange for Renewables Shares Subject to Renewables DSUs	Maximum Cash Payment Renewables Shares Subject to Renewables DSUs ($)
Todd Stack Corporate Director / President	4,000	0.001499%	4,134	0	0	0	0
Brent Ward Chief Financial Officer	0	0	0	0	0	0	0

Name and Position	Number of Renewables Shares Held	Percentage of Renewables Shares Held	TransAlta Shares Issuable in Exchange for Renewables Shares Held	Number of Renewables DSUs Held	Renewables Shares Subject to Renewables DSUs	Maximum TransAlta Shares Issuable in Exchange for Renewables Shares Subject to Renewables DSUs	Maximum Cash Payment Renewables Shares Subject to Renewables DSUs ($)
Aron Willis Executive Vice President, Growth	0	0	0	0	0	0	0
Gary Woods Vice President, Gas and Renewables	0	0	0	0	0	0	0
Scott Jeffers Vice President and Corporate Secretary	1,000	0.000375%	1,033	0	0	0	0
Michelle Cameron Vice President and Corporate Controller	0	0	0	0	0	0	0
David W. Drinkwater Corporate Director / Chair of the Renewables Board	2,500[(1)]	0.000937%	2,584	41,604	41,604	43,006	540,852
Brett M. Gellner Corporate Director	33,500	0.012553%	34,628	5,440	5,440	5,623	70,720
Allen R. Hagerman Corporate Director	0	0	0	36,345	36,345	37,569	472,485
Georganne Hodges Corporate Director	0	0	0	12,688	12,688	13,115	164,944
Kerry O'Reilly Corporate Director	0	0	0	0	0	0	0
Mike Novelli Corporate Director	0	0	0	3,126	3,126	3,231	40,638

Name and Position	Number of Renewables Shares Held	Percentage of Renewables Shares Held	TransAlta Shares Issuable in Exchange for Renewables Shares Held	Number of Renewables DSUs Held	Renewables Shares Subject to Renewables DSUs	Maximum TransAlta Shares Issuable in Exchange for Renewables Shares Subject to Renewables DSUs	Maximum Cash Payment Renewables Shares Subject to Renewables DSUs ($)
Susan M. Ward Corporate Director	4,623	0.001732%	4,778	7,248	7,248	7,492	94,224
TOTAL:	45,623	0.017096%	47,157	106,451	106,451	110,036	1,383,863

Note:
(1) These Renewables Shares are held through a TFSA.

As at the close of business on August 24, 2023, the directors and executive officers of Renewables and their associates, as a group, beneficially owned directly or indirectly, or exercised control or direction over, an aggregate of approximately 584,435 TransAlta Shares, representing approximately 0.221901% of the outstanding TransAlta Shares.

All benefits received, or to be received by the above-noted individuals as a result of the Arrangement are, and will be, solely in connection with their services as directors, executive officers or employees of Renewables and the above-noted individuals beneficially own or exercise control or direction over less than one per cent of the outstanding Renewables Shares. No benefit has been, or will be, conferred for the purpose of increasing the value of consideration payable to any such person for the Renewables Shares held by such person and no benefit is, or will be, conditional on the person supporting the Arrangement.

Following completion of the Arrangement, senior management of Renewables will remain as management and employees of Renewables. There will not be changes to the senior management and employees of TransAlta as a result of the Arrangement.

Other Matters

The Arrangement Agreement provides that TransAlta will cause or permit Renewables or any successor to Renewables to acquire or maintain Renewables' current directors' and officers' insurance policy or an equivalent policy on a six year "trailing" or "run-off" basis providing coverage comparable to the coverage provided by the directors' and officers' insurance policies obtained by Renewables that are in effect immediately prior to the date of the Arrangement Agreement and providing coverage in respect of claims arising from facts or events that occurred on or prior to the Effective Time and which will cover all claims made prior to the Effective Date or within six years of the Effective Date. In addition, the Arrangement Agreement provides that TransAlta will honour all rights to indemnification or exculpation existing as of the date of the Arrangement Agreement in favour of the directors and officers of Renewables pursuant to the provisions of the constating documents of Renewables, applicable corporate legislation and any written indemnity agreements which have been entered into by Renewables and its officers and directors on or prior to the date of the Arrangement Agreement.

The Renewables Special Committee retained NBF and TD to provide the NBF Formal Valuation and Fairness Opinion and the TD Fairness Opinion, respectively. Each of NBF and TD have received or will receive fees from Renewables for services rendered. No portion of the fee payable to NBF or TD is contingent upon the conclusions reached by them in the TD Fairness Opinion or the NBF Formal Valuation and Fairness Opinion, respectively, or upon completion of the Arrangement. Renewables has also agreed to reimburse TD and NBF for certain out-of-pocket expenses arising, and to indemnify TD and NBF against certain liabilities that may arise, in connection with their engagement.

Risk Factors

Renewables Shareholders voting in favour of the Arrangement Resolution will be choosing to combine the businesses of TransAlta and Renewables. The completion of the Arrangement involves risks. In addition to the risk factors described under the heading "*Risk Factors*" in the TransAlta AIF and the Renewables AIF, which are specifically incorporated by reference into this Circular, the following are additional and supplemental risk factors which Renewables Shareholders should carefully consider before making a decision regarding approving the Arrangement Resolution. Readers are cautioned that such risk factors are not exhaustive and additional risks and uncertainties, including those currently unknown or considered immaterial to Renewables, may also adversely affect the Renewables Shares, the TransAlta Shares following the Arrangement, and/or the business of Renewables before the Arrangement and of TransAlta following the Arrangement.

Completion and Benefits of the Arrangement

The Arrangement may not be completed, and if completed, the benefits of the Arrangement to TransAlta, Renewables and their respective shareholders as described in this Circular may not be realized in their entirety or at all. If for any reason the expected benefits of the Arrangement are not realized in their entirety or at all, the market price of the TransAlta Shares may be adversely affected.

Conditions Precedent to the Arrangement

The completion of the Arrangement is subject to a number of conditions precedent, some of which are outside the control of Renewables, including obtaining the requisite approvals from the Renewables Shareholders, receipt of the approval of the Court, the TSX and NYSE and receipt of the Regulatory Approvals. There is no certainty, nor can Renewables provide any assurance, that the conditions to the completion of the Arrangement will be satisfied or, if satisfied, when they will be satisfied. If for any reason the Arrangement is not completed, the market price of the Renewables Shares may be adversely affected. Moreover, if the Arrangement Agreement is terminated, there is no assurance that Renewables will pursue (or be able to complete) another similar transaction.

The Arrangement Agreement may be terminated in certain circumstances

Each of the Parties has the right to terminate the agreement in certain circumstances. Accordingly, there can be no certainty, nor is there any assurance, that the Arrangement Agreement will not be terminated before the completion of the Arrangement.

If the Arrangement is not completed, Renewables' future businesses and operations could be harmed

If the Arrangement is not completed, Renewables may be subject to a number of additional material risks, including, but not limited to, those relating to the fact that: Renewables may be unable to obtain additional sources of financing and may be unable to conclude another sale, merger, amalgamation or business transaction on as favourable terms as the Arrangement, in a timely manner, or at all; that Renewables may not be able to sustain its current dividend levels; and that Renewables may have lost other opportunities that would have otherwise been available had the Arrangement Agreement not been executed, including, without limitation, opportunities not pursued as a result of affirmative and negative covenants made by Renewables in the Arrangement Agreement.

The Renewables Share Consideration is Fixed

A Renewables Shareholder can elect, subject to certain pro-rationing provisions described below, to receive Renewables Cash Consideration, TransAlta Shares, or a combination thereof, which will be subject to pro-rationing as set forth in the Plan of Arrangement and may result in a Renewables Shareholder receiving TransAlta Shares despite electing to receive the Renewables Cash Consideration. The Renewables Share

Consideration is fixed at 1.0337 TransAlta Shares per Renewables Share and will not be adjusted for changes in the market price of either the Renewables Shares or the TransAlta Shares. Neither Party is permitted to terminate the Arrangement Agreement solely because of changes in the market price of either of the Renewables Shares or the TransAlta Shares. Share price changes may result from a variety of factors (many of which are beyond the Parties' control), including the risk factors identified in the Renewables AIF and the TransAlta AIF.

Renewables Shareholders will be TransAlta Shareholders following the completion of the Arrangement

The completion of the Arrangement will result in Renewables Shareholders (other than TransAlta and its affiliates) holding approximately 15% of the outstanding TransAlta Shares as at the Effective Time. While the Renewables Board believes that an investment in TransAlta will be beneficial for the Renewables Shareholders, there can be no guarantee as to the future market price of the TransAlta Shares.

Renewables will incur costs even if the Arrangement is not completed and may have to pay various expenses incurred in connection with the Arrangement

Certain costs related to the Arrangement, such as legal, accounting and certain valuation and financial advisor fees, must be paid by Renewables even if the Arrangement is not completed. TransAlta and Renewables are each liable for their own costs incurred in connection with the Arrangement, except where the Arrangement Agreement is terminated in certain circumstances. See "*Details of the Arrangement – The Arrangement Agreement – TransAlta Damages Fee*".

Following completion of the Arrangement, TransAlta may issue additional equity securities

Following completion of the Arrangement, TransAlta may issue equity securities to finance its activities, including in order to finance acquisitions. If TransAlta were to issue additional securities, holders of TransAlta Shares (including former Renewables Shareholders that elect to receive the Renewables Share Consideration) may experience dilution in TransAlta's cash flow or earnings per share.

Another Attractive Take-Over, Merger or Business Combination May Not Be Available

Given TransAlta's ownership and key commercial agreements with Renewables there is a low likelihood that an alternative transaction would be available. Therefore, if the Proposed Transaction is not completed, there is a low likelihood that Renewables will be able to find a party willing to make a more attractive offer to that provided by TransAlta for the Renewables Shares (excluding those held, directly or indirectly, by TransAlta) or willing to proceed at all with a similar transaction or any alternative transaction.

There are risks related to the integration of TransAlta's and Renewables' existing businesses

The ability to realize benefits of the Arrangement including, among others, those set forth in this Circular, will depend in part on successfully consolidating functions and integrating operations, procedures and personnel in a timely and efficient manner, as well as on TransAlta's ability to realize the anticipated growth opportunities, capital funding opportunities and operating synergies from integrating Renewables' and TransAlta's businesses following the completion of the Arrangement. The integration will require the dedication of substantial management effort, time and resources which may divert management's focus and resources from other strategic opportunities of TransAlta following completion of the Arrangement, and from operational matters during this process. One or more of the foregoing factors may adversely affect the ability of TransAlta, following completion of the Arrangement, to achieve the anticipated benefits of the Arrangement.

Experts

Certain legal matters relating to the Arrangement will be passed upon by Stikeman Elliott LLP on behalf Renewables. As at the date hereof, the partners and associates of Stikeman Elliott LLP own, directly and indirectly, in the aggregate, less than 1% of the outstanding Renewables Shares.

NBF and TD were retained by the Renewables Special Committee to provide the NBF Formal Valuation and Fairness Opinion and the TD Fairness Opinion, respectively. As at the date hereof, NBF and TD and the "designated professionals" (as such term is defined in Form 51-102F2 – *Annual Information Form*) of NBF and TD owned, directly and indirectly, in the aggregate, less than 1% of the outstanding Renewables Shares.

Renewables and TransAlta's auditors, Ernst & Young LLP, are independent with respect to TransAlta and Renewables in the context of the Rules of Professional Conduct of the Chartered Professional Accountants of Alberta and with respect to TransAlta, in compliance with Rule 3520 of the Public Company Accounting Oversight Board.

INFORMATION RELATING TO TRANSALTA AND RENEWABLES

TransAlta

TransAlta is an independent, publicly traded, Canadian electricity power generator and wholesale marketing company that owns, operates and manages a geographically diversified portfolio of assets utilizing a broad range of input resources that includes water, wind, solar, natural gas and thermal coal.

TransAlta is incorporated under the Act and its corporate and registered office is located at 1400, 1100 - 1st Street S.E. Calgary, Alberta T2G 1B1. The TransAlta Shares are listed on the TSX under the symbol "TA" and on the NYSE under the symbol "TAC". TransAlta is a reporting issuer in every province of Canada.

For a more detailed description of TransAlta and other relevant information, see Appendix G – "*Information Concerning TransAlta Corporation*".

Renewables

Renewables is a publicly traded Canadian renewable power generation company that owns a portfolio of power generation facilities.

Renewables is incorporated under the Act and its head and registered office is located at 1400, 1100 - 1st Street S.E. Calgary, Alberta T2G 1B1. The Renewables Shares are listed on the TSX under the symbol "RNW". Renewables is a reporting issuer in every province of Canada.

For a more detailed description of Renewables and other relevant information, see Appendix H – "*Information Concerning TransAlta Renewables Inc.*"

INFORMATION RELATING TO TRANSALTA AFTER THE ARRANGEMENT

General

The Arrangement will result in the acquisition by TransAlta of all of the outstanding Renewables Shares other than those already owned by it, directly or indirectly. Renewables Shareholders (excluding TransAlta, its affiliates and the Dissenting Shareholders) will receive a combination of the Renewables Cash Consideration or the Renewables Share Consideration, representing approximately 15% of the TransAlta Shares following completion of the Arrangement on a non-diluted basis.

Following the completion of the Arrangement, Renewables will become a wholly-owned subsidiary of TransAlta and TransAlta will continue the operations of TransAlta and Renewables on a combined basis.

The following sets forth certain information relating to TransAlta after giving effect to the Arrangement. Additional information concerning TransAlta and Renewables is set forth elsewhere in this Circular. See Appendix G – "*Information Concerning TransAlta Corporation*", and Appendix H – "*Information Concerning TransAlta Renewables Inc.*"

Organization Structure after the Arrangement

Immediately following the Arrangement, Renewables is expected to be a wholly-owned subsidiary of TransAlta. TransAlta may combine Renewables with TransAlta at a later date, but no determination to do so has been made at this time.

Description of the Combined Business

TransAlta, upon completion of the Arrangement, is expected to be more competitive as a single, streamlined, publicly-listed entity with a common strategic path to achieve its clean electricity growth objectives. The Arrangement will align, clarify and enhance management's strategic focus and efforts in the marketing, development, construction, operation and maintenance of generation assets to serve customers with clean and reliable electricity. The combined company will have a consolidated diversified portfolio of 6.7 GW of generation assets, including wind, hydro, solar, storage and natural gas, all backed by an aligned strategy that allows shareholders of the combined company to benefit from a consolidated development pipeline in excess of 4.5 GW of clean electricity projects and early-stage investments in new technologies.

TransAlta is already one of Canada's largest publicly traded power generators with over 111 years of operating experience. TransAlta's diversified portfolio of power generating assets across multiple geographies, technologies and mix of merchant and contracted assets provides cash flows that support its ability to pay dividends to its shareholders, reinvest in growth and fund sustaining and capital expenditures.

For a detailed description of the historical development of the businesses of TransAlta and Renewables and, therefore, the business to be carried on by TransAlta, see the TransAlta AIF and the Renewables AIF, which are incorporated by reference in Appendix G, "*Information Concerning TransAlta Corporation*" and Appendix H, "*Information Concerning TransAlta Renewables Inc.*" of this Circular.

***Pro Forma* Financial Information**

Pro forma consolidated financial information of TransAlta, after giving effect to the Arrangement, is contained in the unaudited *pro forma* consolidated financial statements of TransAlta for the year ended December 31, 2022 and as at and for the three and six months ended June 30, 2023 included in Appendix I to this Circular. Adjustments made in the preparation of the unaudited *pro forma* consolidated financial statements of TransAlta are based on certain assumptions. Both the adjustments and the assumptions made in respect thereof are described in the notes to the unaudited *pro forma* consolidated financial statements. The unaudited *pro forma* consolidated financial statements are presented for illustrative purposes only and are not necessarily indicative of: (a) the operating or financial results that would have occurred had the Arrangement actually occurred at the dates assumed in the unaudited *pro forma* consolidated financial statements; or (b) the results expected in future periods.

Pro Forma Consolidated Capitalization

The following table sets forth the consolidated capitalization of TransAlta as at December 31, 2022 and as at June 30, 2023 both before and after giving effect to the completion of the Arrangement.

	TransAlta as at December 31, 2022	TransAlta as at June 30, 2023	*Pro forma* as at June 30, 2023 after giving effect to the Arrangement [(1)]
		(in millions)	
Cash and cash equivalents:	$1,134	$952	$152
Debt:			
Credit facilities, long-term debt and lease liabilities:	$3,653	$3,586	$3,586
Common Shares:	$2,863	$2,808	$3,425

Note:

(1) Cash and cash equivalents decreased by $800 million, representing the maximum aggregate cash consideration to be paid. Common Shares increased by $617 million, representing the consideration to be paid in TransAlta Shares, based on a $13.29 closing price of TransAlta Shares on the TSX as of August 24, 2023.

Governance Matters

Following the completion of the Arrangement, TransAlta will be led by its current management team.

After the Arrangement is completed, the TransAlta Board is expected to continue to consist of the following members: Rona Ambrose, John P. Dielwart, Alan J. Fohrer, Laura W. Folse, Harry Goldgut, John H. Kousinioris, Candace MacGibbon, Thomas M. O'Flynn, Bryan D. Pinney, James Reid, Manjit Sharma, Sandra Sharman and Sarah A. Slusser.

For additional information in respect of these individuals see the TransAlta AIF, which is incorporated by reference into this Circular. The directors of TransAlta after the Arrangement is completed will hold office until the next annual general meeting of TransAlta Shareholders or until their respective successors have been duly elected or appointed.

Corporate Offices

Following consummation of the Arrangement, TransAlta's head and registered office will remain located at 1400, 1100 - 1st Street S.E. Calgary, Alberta T2G 1B1.

Outstanding TransAlta Shares and Principal Holders

To the knowledge of the directors and officers of TransAlta and Renewables, the only persons who will hold, or have control or direction over, more than 10% of the TransAlta Shares following completion of the Arrangement are: (a) RBC Global Asset Management Inc., who will hold, or have control or direction over, approximately 32,355,286 million TransAlta Shares, representing approximately 10.44% of the issued and outstanding TransAlta Shares following completion of the Arrangement; and (b) Brookfield Asset Management Inc. who will hold, or have control or direction over, approximately 35,472,342 million TransAlta Shares, representing approximately 11.44% of the issued and outstanding TransAlta Shares following completion of the Arrangement.

MATTER TO BE ACTED UPON AT THE MEETING

Each Renewables Shareholder of record on August 24, 2023 (subject to certain exceptions) is entitled to vote at the Meeting or any adjournment(s) or postponement(s) thereof and is entitled to one vote for each Renewables Share held. See "*General Proxy Matters for Renewables*". Renewables Shareholders are

urged to review this Circular and all its Appendices when considering the matter to be acted upon at the Meeting.

Arrangement Resolution

At the Meeting, Renewables Shareholders will be asked to consider the Arrangement Resolution in the form set forth in Appendix A of this Circular. The Arrangement Resolution also provides for an amendment to the Renewables DSU Plan such that each Renewables DSU Holder can elect to receive: (a) a number of Renewables Shares equal to that number of Renewables Shares subject to each such Renewables DSU immediately prior to the Effective Time; or (b) a cash payment equal to the Renewables Cash Consideration multiplied by that number of Renewables Shares subject to each Renewables DSU that is outstanding immediately prior to the Effective Time.

The Arrangement Resolution must be approved by at least two-thirds of the votes cast by the Renewables Shareholders present in person or by proxy at the Meeting and a majority of the votes cast by the Renewables Shareholders present in person or by proxy at the Meeting, after excluding the votes attached to the Renewables Shares held the Renewables Interested Parties. See "*Details of the Arrangement – Securities Law Matters*".

The Renewables Board (with four directors who are not independent abstaining) unanimously recommends that you vote FOR the Arrangement Resolution at the Meeting. Unless otherwise directed, the persons named in the form of proxy for the Meeting intend to vote FOR the Arrangement Resolution.

It is a condition to the completion of the Arrangement that the Arrangement Resolution be approved at the Meeting.

GENERAL PROXY MATTERS FOR RENEWABLES

Who Can Vote

If you held Renewables Shares at the close of business on August 24, 2023, you are entitled to attend and participate at the Meeting or any adjournment(s) or postponement(s) thereof and vote your Renewables Shares, by following the instructions set out below. Each Renewables Share represents one vote.

Outstanding Securities and Principal Holders

As at the close of business on August 24, 2023, 266,863,741 Renewables Shares were issued and outstanding. To the knowledge of the directors and officers of Renewables, no person or company beneficially owns, directly or indirectly, or has control or direction over Renewables Shares carrying more than ten percent (10%) of the voting rights attached to all of the issued and outstanding Renewables Shares as at August 24, 2023 other than those held or controlled directly or indirectly by TransAlta as set out in the table below.

Owned/Controlled By	Number of Renewables Shares	Percent of Renewables Shares
TransAlta Corporation[(1)]	160,398,217	60.10%

Note:
(1) Includes 60,646,375 Renewables Shares held by TransAlta Generation Partnership of which TransAlta is the manager.

Quorum

A quorum for the transaction of business is two individuals present in person, each being a Renewables Shareholder or proxyholder entitled to vote at the Meeting who together own or represent at least 25% of the votes entitled to be cast at the Meeting.

Solicitation of Proxies

This Circular is being furnished to the Renewables Shareholders in connection with the solicitation of proxies by or on behalf of the Renewables Board and management of Renewables for use at the Meeting. It is expected that the solicitation of proxies will be primarily by mail, however directors, officers and employees of Renewables may solicit proxies by telephone, fax, email or in person (who will not be specifically remunerated therefor). The costs of solicitation of proxies will be borne by Renewables.

Kingsdale is acting as Renewables' strategic shareholder advisor and proxy solicitation agent. If you have any questions or require assistance in voting your proxy, please contact Kingsdale, toll-free in North America at 1-877-659-1821 (1-647-251-9743 by collect call outside North America) or by email at contactus@kingsdaleadvisors.com. Renewables and Kingsdale entered into an engagement agreement with customary terms and conditions, which provides that Kingsdale will receive a fee of approximately $100,000 plus reasonable out-of-pocket expenses. Renewables may also reimburse brokers and other persons holding Shares in their name or in the name of nominees for their costs incurred in sending proxy material to their principals in order to obtain their proxies.

The Meeting is being called pursuant to the Interim Order of the Court to seek the requisite approval of the Renewables Shareholders to the Arrangement in accordance with Section 192 of the Act.

Proxy Voting

You can indicate on your form of proxy how you want your proxyholder to vote your Renewables Shares or you can let your proxyholder decide for you. If you specify how you want your Renewables Shares voted, then your proxyholder must vote in accordance with your instructions. In the absence of specific instructions, your proxyholder can vote your Renewables Shares as he or she sees fit. **If you appoint Allen R. Hagerman, member of the Renewables Board, and failing him, Todd J. Stack, President of Renewables, and do not specify how you want your Renewables Shares to be voted, your Renewables Shares WILL BE VOTED IN FAVOUR OF THE ARRANGEMENT RESOLUTION.**

Any questions regarding voting your Renewables Shares should be directed to Renewables' strategic shareholder advisor and proxy solicitation agent, Kingsdale, who can be reached by toll-free telephone in North America at 1-877-659-1821, by collect call outside North America at 1-647-251-9743, or by email at contactus@kingsdaleadvisors.com.

How to Vote

Voting at the Meeting

Registered Renewables Shareholders and duly appointed proxyholders (including beneficial Renewables Shareholders who have duly appointed themselves as proxyholders) who attend the Meeting online will be able to listen to the Meeting, ask questions and vote at the Meeting by completing a ballot that will be made available online during the Meeting, all in real time, provided that they are connected to the Internet. Non-registered (beneficial) Renewables Shareholders who have not duly appointed themselves as proxyholder will not be able to vote or communicate at the Meeting. This is because Renewables and its transfer agent, Computershare Investor Services Inc., do not have a record of the non-registered Renewables Shareholders, and, as a result, have no knowledge of non-registered shareholdings or entitlements to vote unless non-registered Renewables Shareholders appoint themselves as proxyholder.

If you are a registered Renewables Shareholder and wish to appoint a third-party proxyholder to vote on your behalf at the Meeting, you must appoint such proxyholder by inserting their name in the space provided on the form of proxy sent to you and follow all of the instructions therein, within the prescribed deadline. Registered Renewables Shareholders wishing to appoint a third-party proxyholder (other than the Renewables representative proxyholders indicated on the form of proxy) must ALSO register their proxyholders at http://www.computershare.com/TransAltaRNW.

If you are a non-registered Renewables Shareholder and wish to vote at the Meeting, you must first appoint yourself as proxyholder by inserting your own name in the space provided on the voting instruction form sent to you and follow all of the applicable instructions, within the prescribed deadline, provided by your intermediary AND then register yourself as proxyholder at http://www.computershare.com/TransAltaRNW. After you register, Computershare Investor Services Inc. will provide you with a Control Number via email. Please contact your intermediary as soon as possible to determine what additional procedures must be followed to appoint yourself or a third-party as your proxyholder (including whether to obtain a separate valid legal form of proxy from your intermediary if you are located outside of Canada).

In all cases, all proxies must be received and all proxyholders must be registered before the Proxy Deadline or, in the case of adjournment(s) or postponement(s) of the Meeting, not less than 48 hours (excluding Saturdays, Sundays and holidays) prior to the time fixed for the adjourned or postponed Meeting in order to participate and vote at the Meeting.

The Meeting will be held in a virtual-only format and can be accessed by logging in online at web.lumiagm.com/450755248. It is recommended that Renewables Shareholders log in at least one hour before the Meeting begins.

- Click "Login" and then enter your Control Number (see below) and password "transalta2023" (case sensitive); OR
- Click "Guest" and then complete the online form.

If you are a registered Renewables Shareholder, the control number located on the form of proxy or in the email notification you received is your Control Number. If you duly appoint a third-party proxyholder, Computershare Investor Services Inc. will provide such proxyholder with a Control Number by e-mail after the Proxy Deadline has passed and the proxyholder has been duly appointed AND registered as described in this notice. Registration of third-party proxyholders as described above is an additional step that must be completed in order for proxyholders to attend and participate at the Meeting. Without a Control Number, proxyholders will not be able to ask questions or vote at the Meeting but will be able to listen as a guest.

The Meeting will be available through an HTML client for mobile web and compatible with the latest versions of Chrome, Firefox, Edge and Safari. If you are having technical difficulties in respect to joining the Meeting or participating during the Meeting, there will be live chat or support on the Lumi Global meeting platform that can assist with enquiries. It is also recommended that you obtain live event support by contacting our transfer agent and registrar, Computershare Investor Services Inc., at 1-800-564-6253. If you continue to experience issues after following the advice given, please contact support-ca@lumiglobal.com or "*raise a ticket*". When you contact support at Lumi Global, please ensure you have the following information available in order for Lumi Global to help you as quickly as possible: Event Name, Meeting ID, Username, Control Number, Issue.

If you attend the Meeting online, it is important that you remain connected to the Internet at all times during the Meeting in order to vote when balloting commences. It is your responsibility to ensure connectivity for the duration of the Meeting. You should allow ample time to check into the Meeting online and complete the related procedure. If you have questions regarding your ability to participate or vote at the Meeting, please contact Computershare Investor Services Inc. at 1-800-564-6253. If you do not wish to vote at the Meeting, please refer to the Meeting materials (which are also accessible electronically) for information on how to vote by appointing a proxyholder, submitting a proxy or, in the case of a non-registered Renewables Shareholder, through an intermediary. Voting by proxy is the easiest way to vote, as it enables someone else to vote on your behalf. Voting in advance of the Meeting is available via the means described in the proxy or voting instruction form and the Meeting materials.

Appointing a Proxyholder

Use the form of proxy to appoint a proxyholder. By appointing a proxyholder, Renewables Shareholders are giving someone else the authority to attend the Meeting and vote for on their behalf.

Please note that Renewables Shareholders have the right to appoint anyone to be their proxyholder. This person does not need to be a Renewables Shareholder or the Renewables representatives named in the form of proxy. To appoint somebody else as proxyholder, you may cross out the printed names on the form of proxy and insert the name of a person you wish to act as your proxyholder in the blank space provided AND follow the instructions set out above to register your proxyholder at http://www.computershare.com/TransAltaRNW. Please indicate the way you wish to vote on each item of business. Your proxyholder must vote your Renewables Shares in accordance with your instructions at the Meeting. Please ensure that the person you appoint is aware that he or she has been appointed and attends the Meeting by following the instructions set out above. If your proxyholder does not attend the Meeting, your Renewables Shares will not be voted.

If you returned your signed proxy and did not appoint anyone to be your proxyholder, Allen R. Hagerman, member of the Renewables Board, and failing him, Todd J. Stack, President of Renewables, have agreed to act as your proxyholder to vote or withhold from voting your Renewables Shares at the Meeting in accordance with your instructions.

If you decide to appoint Allen R. Hagerman, member of the Renewables Board, and failing him, Todd J. Stack as your proxyholder, and do not indicate how you want to vote, they will vote FOR the Arrangement Resolution.

On any ballot that may be called for, the Renewables Shares represented by proxies in favour of management's proxyholders named in the proxy or voting instruction form will be voted for, withheld from voting or voted against, as applicable, each of the matters outlined in the Notice of Meeting attached to this Circular, in each case, in accordance with the specifications made by each Renewables Shareholder, and if a Renewables Shareholder specifies a choice with respect to any matter to be acted upon, the Renewables Shares will be voted accordingly.

Voting by Proxy

Use the form of proxy to vote your Renewables Shares. If you do not plan to attend the Meeting, or have a proxyholder attend, you may vote as follows:

By Mail	• complete, date and sign the form of proxy in accordance with the instructions included on the form of proxy; and • return the completed form of proxy in the envelope provided to Computershare Investor Services Inc., Attention: Proxy Department, 8th Floor, 100 University Avenue, Toronto, Ontario M5J 2Y1.
By Telephone	• call 1-866-721-8683 from a touch-phone and follow the voice instructions; • refer to the form of proxy for the 15-digit Control Number, located on the back in the lower left corner; and • convey your voting instructions by use of touch-tone selections over the telephone.
By Internet	• access the website www.investorvote.com and follow the instructions; • refer to the form of proxy for the 15-digit Control Number, located on the back in the lower left corner; and • convey your voting instructions electronically over the Internet.

Please note that you cannot appoint anyone other than the director and officer named on your form of proxy as proxyholder if you vote by telephone.

Please note that your completed form of proxy and voting instructions must be received before 10:00 a.m. (Calgary time) on September 22, 2023 or, in the case of any adjournment(s) or postponement(s) of the Meeting, not less than 48 hours (excluding Saturdays, Sundays and holidays) prior to the time fixed for the adjourned or postponed Meeting. The time limit for deposit of proxies may be waived or extended by the Chair of the Meeting at his or her discretion, without notice.

Changing Your Vote

You can change a vote you made by proxy provided such change is received before the Proxy Deadline or, in the case of any adjournment(s) or postponement(s) of the Meeting, not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time of the adjourned or postponed Meeting by either:

- submitting a new proxy that is dated later than the proxy previously submitted and mailing it to Computershare Investor Services Inc., Attention: Proxy Department, 8th Floor, 100 University Avenue, Toronto, Ontario M5J 2Y1;
- voting again by telephone or the Internet; or
- any other means permitted by Applicable Law.

You can revoke a vote you made by proxy by:

- submitting by mail a notice of revocation executed by you or by your attorney, or, if the Renewables Shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized, to Computershare Investor Services Inc., Attention: Proxy Department, 8th Floor, 100 University Avenue, Toronto, Ontario M5J 2Y1. Your notice of revocation must be received before the Proxy Deadline or, in the case of any adjournment(s) or postponement(s) of the Meeting, not less than 48 hours (excluding Saturdays, Sundays and holidays) prior to the time fixed for the adjourned or postponed Meeting.

Additional Information for Beneficial Renewables Shareholders

Voting as a beneficial Renewables Shareholder

You are a beneficial Renewables Shareholder if your Renewables Shares are registered in the name of an intermediary and your certificate is held with a bank, trust company, securities broker, trustee or other institution. Renewables Shares beneficially owned by a beneficial Renewables Shareholder are registered either: (a) in the name of an intermediary that the beneficial Renewables Shareholder deals with in respect of the Renewables Shares (intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans); or (b) in the name of a clearing agency (such as CDS Clearing and Depository Services Inc.) of which the intermediary is a participant.

If you are a beneficial Renewables Shareholder, your package includes a voting instruction form. Beneficial Renewables Shareholders should follow carefully the instructions provided in the voting instruction form by using one of the described methods provided to vote their Renewables Shares. The voting instruction form is similar to a form of proxy however it can only instruct the registered Renewables Shareholder how to vote your shares.

As the beneficial Renewables Shareholder, you may:

- Option 1. Vote through your intermediary

  If you wish to vote through your intermediary, follow the instructions on the proxy or voting instruction form provided by your intermediary. Your intermediary is required to ask for your voting instructions before the Meeting. Please contact your intermediary if you did not receive a voting instruction form. Alternatively, you may receive from your intermediary a preauthorized proxy indicating the number of Renewables Shares to be voted, which you should complete, sign, date and return as directed on the proxy.

- Option 2. Vote at the Meeting or by proxy

  Renewables does not have access to the names or holdings of any non-registered Renewables Shareholders. That means you can only vote your Renewables Shares at the Meeting if you have

previously appointed yourself as the proxyholder for your Renewables Shares. If you wish to vote at the Meeting, appoint yourself as your proxyholder by writing your own name in the space provided on the proxy or voting instruction form provided by your intermediary AND following the instructions under "*General Proxy Matters for Renewables – How to Vote – Voting at the Meeting*" above to register yourself as proxyholder. Do not complete the voting section on the proxy or voting instruction form as your vote will be taken at the Meeting and return the proxy or voting instruction form to your intermediary in the envelope provided. You may also appoint someone else as the proxyholder for your Renewables Shares by printing their name in the space in the proxy or voting instruction form provided by your intermediary, submitting it as directed on the form AND following the instructions under "*General Proxy Matters for Renewables – How to Vote – Voting at the Meeting*" above to register that person as your proxyholder. Your vote, or the vote of your proxyholder, will be taken and counted at the Meeting. Your proxyholder must vote your Renewables in accordance with your instructions at the Meeting. Please ensure that the person you appoint is aware that he or she has been appointed and attends the Meeting. If your proxyholder does not attend the Meeting, your shares will not be voted.

Please note that if you are a U.S. beneficial Renewables Shareholder and you wish to attend the Meeting and vote your shares, you must follow the instructions on the back of your proxy or voting instruction form to obtain a legal proxy. Once you have received your legal proxy, you will need to submit and deliver it to Renewables or its registrar and transfer agent, Computershare Investor Services Inc., prior to the Proxy Deadline in order to vote your shares.

- Option 3. Vote by telephone or over the Internet

  If you wish to vote by telephone or the Internet, follow the instructions for telephone or the Internet voting on the proxy or voting instruction form provided by your intermediary.

  Non-registered Renewables Shareholders who do not object to their name being made known to Renewables may be contacted by Kingsdale to assist in conveniently voting their Renewables Shares directly by telephone. Renewables may utilize the Broadridge Investor Communications Solutions QuickVote™ service to assist beneficial Renewables Shareholders with voting their Renewables Shares over the telephone.

Any questions regarding voting your Renewables Shares should be directed to Renewables' strategic shareholder advisor and proxy solicitation agent, Kingsdale, who can be reached by toll-free telephone in North America at 1-877-659-1821, by collect call outside North America at 1-647-251-9743, or by email at contactus@kingsdaleadvisors.com

Deadline for Voting

Whether beneficial Renewables Shareholders vote by mail, telephone or the Internet, your proxy (or voting instruction form) must be received by our transfer agent, Computershare Investor Services Inc., or Renewables or its agents, **by no later than the Proxy Deadline** or, in the case of any adjournment(s) or postponement(s) of the Meeting, not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time fixed for the adjourned or postponed Meeting. All required voting instructions must be submitted to your intermediary sufficiently in advance of this deadline to allow your intermediary time to forward this information to Renewables' transfer agent, Computershare Investor Services Inc., or Renewables or its agents, prior to the proxy voting deadline. The time limit for deposit of proxies may be waived or extended by the Chair of the Meeting at his or her discretion, without notice.

Renewables reserves the right to accept late proxies and to waive the Proxy Deadline, with or without notice, but we are under no obligation to accept or reject any particular late proxy (or voting instruction form).

Changing Your Vote

If you have voted through your intermediary and would like to change or revoke your vote, contact your intermediary to discuss whether this is possible and what procedures you need to follow. The change or revocation of voting instructions by a beneficial Renewables Shareholder can take several days or longer to complete and, accordingly, any such action should be completed well in advance of the deadline prescribed in the proxy or voting instruction form by the intermediary or its service company to ensure it is given effect in respect of the Meeting.

Asking Questions at the Meeting

Registered Renewables Shareholders and duly appointed proxyholders (including beneficial Renewables Shareholders who have duly appointed themselves as proxyholders) who attend the Meeting online will be able to ask questions at the Meeting. Questions or comments can be submitted in the text box (chat feature) of the webcast platform throughout the Meeting. Written questions or comments submitted through the text box of the webcast platform will be read or summarized by a representative of Renewables, after which the Chair of the Meeting will respond or direct the question to the appropriate person to respond. If several questions relate to the same or a very similar topic, Renewables may choose to group such questions and indicate that similar questions were received.

These procedures may vary from time to time depending on logistics and with a view to following best governance practices. A representative of Renewables will provide an overview of these procedures before the Meeting is called to order.

If you attend the Meeting online and are entitled to vote, it is important that you are connected to the Internet at all times during the Meeting in order to be able to vote when balloting commences. It is your responsibility to ensure connectivity for the duration of the Meeting. You should allow ample time to check into the Meeting online and complete the related procedure.

Exercise of Discretion by Proxyholders

The form of proxy or voting instruction form confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the Notice of Meeting attached to this Circular and to any other matters which may properly come before the Meeting. At the time of printing of this Circular, management knows of no such amendment, variation or matter to come before the Meeting other than the matter referred to above. If other matters do properly come before the Meeting, your proxyholder will vote on them using his or her best judgment unless such discretionary authority is not given.

ADDITIONAL INFORMATION

Additional information relating to TransAlta and Renewables is available through SEDAR which can be accessed at www.sedarplus.ca under each of TransAlta and Renewables' respective SEDAR profiles.

The most current financial information relating to Renewables is available in its interim financial statements for the three and six months ended June 30, 2023 and the accompanying management's discussion and analysis, which can be accessed at www.sedarplus.ca or which may be obtained upon request from Renewables at its head office. The most recent interim financial statements will be sent without charge to any Renewables Shareholder upon request to Renewables.

QUESTIONS AND OTHER ASSISTANCE

If you are a Renewables Shareholder and you have any questions about the information contained in this Circular, please contact your financial, legal, tax or other professional advisors.

CONSENT OF NATIONAL BANK FINANCIAL INC.

We have read the management proxy circular (the "**Circular**") of TransAlta Renewables Inc. ("**Renewables**") dated August 25, 2023 relating to the special meeting of the holders (the "**Renewables Shareholders**") of Renewables' common shares (the "**Renewables Shares**") to consider the transaction between TransAlta Corporation ("**TransAlta**") and Renewables (the "**Arrangement**") to be completed by way of an arrangement under the *Canada Business Corporations Act*.

We consent to: (a) the inclusion in the Circular of the complete text of our formal valuation and fairness opinion dated July 10, 2023 concerning valuation of the Renewables Shares and the fairness, from a financial point of view, to the Renewables Shareholders, other than TransAlta and its affiliates, of the consideration to be paid by TransAlta in connection with the Arrangement; (b) the references in the Circular to our firm name and to the valuation report and fairness opinion; and (c) the filing of the valuation report and fairness opinion with securities regulatory authorities.

DATED at the City of Calgary, in the Province of Alberta, this 25th day of August, 2023.

(signed) "*National Bank Financial Inc.*"

CONSENT OF TD SECURITIES INC.

We have read the management proxy circular (the "**Circular**") of TransAlta Renewables Inc. ("**Renewables**") dated August 25, 2023 relating to the special meeting of the holders (the "**Renewables Shareholders**") of Renewables' common shares to consider the transaction between TransAlta Corporation ("**TransAlta**") and Renewables (the "**Arrangement**") to be completed by way of an arrangement under the *Canada Business Corporations Act*.

We consent to: (a) the inclusion in the Circular of the complete text of our opinion dated July 10, 2023 concerning the fairness, from a financial point of view, to the Renewables Shareholders, other than TransAlta and its affiliates, of the consideration to be paid by TransAlta in connection with the Arrangement; and (b) the references in the Circular to our firm name and to the fairness opinion.

DATED at the City of Calgary, in the Province of Alberta, this 25th day of August, 2023.

(signed) "*TD Securities Inc.*"

APPENDIX A

ARRANGEMENT RESOLUTION

BE IT RESOLVED AS A SPECIAL RESOLUTION OF THE HOLDERS OF COMMON SHARES OF TRANSALTA RENEWABLES INC. ("RENEWABLES") THAT:

1. the arrangement (the "**Arrangement**") under Section 192 of the *Canada Business Corporations Act* (the "**CBCA**") of Renewables, pursuant to the arrangement agreement (the "**Arrangement Agreement**") between Renewables and TransAlta Corporation dated July 10, all as more particularly described and set forth in the management proxy circular of Renewables dated August 25, 2023 (the "**Information Circular**") accompanying the notice of meeting (as the Arrangement may be modified or amended in accordance with its terms) is hereby authorized, approved and adopted;

2. the plan of arrangement of Renewables (as it has been or may be amended, modified or supplemented in accordance with the Arrangement Agreement and its terms (the "**Plan of Arrangement**")), the full text of which is attached as Schedule A to Appendix B to the Information Circular, is hereby authorized, approved, ratified and confirmed;

3. the amendment of Renewables' Deferred Share Unit ("**DSU**") Plan, as amended and restated, permitting DSU holders to elect to receive Renewables Shares or a cash payment equal to Renewables Cash Consideration (as such terms are defined in the Information Circular) pursuant to the Plan of Arrangement, be and is hereby authorized, approved, ratified and confirmed and Renewables is hereby authorized to reserve for issuance such Renewables Shares issued thereunder;

4. Renewables be and is hereby authorized to apply for a final order from the Court of King's Bench of Alberta (the "**Court**") to approve the Arrangement on the terms set forth in the Arrangement Agreement and the Plan of Arrangement (as they may be amended, modified or supplemented and described in the Information Circular);

5. notwithstanding that this resolution has been duly passed and/or has received the approval of the Court, the board of directors of Renewables may, at its discretion and without further notice to or approval of the shareholders of Renewables: (i) amend or terminate the Arrangement Agreement or the Plan of Arrangement to the extent permitted by the Arrangement Agreement and approved by the Court; or (ii) subject to the terms of the Arrangement Agreement, determine not to proceed with the Arrangement and revoke this resolution at any time prior to the filing of articles of arrangement giving effect to the Arrangement;

6. any director or officer of Renewables is hereby authorized, for and on behalf of Renewables, to execute and file with the Director under the CBCA the articles of arrangement and such other documents as are necessary to give effect to the Arrangement in accordance with the Arrangement Agreement, and to execute, with or without the corporate seal, and, if appropriate, deliver all other documents and instruments and to do all other things as in the opinion of such director or officer may be necessary or desirable to implement this resolution and the matters authorized hereby, such determination to be conclusively evidenced by the execution and delivery of such articles of arrangement and any such document or instrument, and the taking of any such action; and

7. all actions heretofore taken by or on behalf of Renewables in connection with any matter referred to in any of the foregoing resolutions which were in furtherance of the Arrangement are hereby approved, ratified and confirmed in all respects.

APPENDIX B

ARRANGEMENT AGREEMENT

TRANSALTA CORPORATION

- AND -

TRANSALTA RENEWABLES INC.

ARRANGEMENT AGREEMENT
JULY 10, 2023

TABLE OF CONTENTS

ARRANGEMENT AGREEMENT

THIS ARRANGEMENT AGREEMENT is dated as of the 10th day of July, 2023.

BETWEEN:

TRANSALTA CORPORATION, a corporation existing under the laws of Canada ("**TransAlta**")

- and -

TRANSALTA RENEWABLES INC., a corporation existing under the laws of Canada ("**Renewables**")

WHEREAS the Parties wish to effect the acquisition by TransAlta of all of the issued and outstanding Renewables Shares not already owned by TransAlta and its subsidiaries;

AND WHEREAS the Parties intend to carry out the transactions contemplated by this Agreement by way of an arrangement under the provisions of the CBCA, on the terms and conditions set forth in the Plan of Arrangement (attached hereto as Schedule A, as such Schedule may be amended from time to time in accordance with the provisions hereof);

AND WHEREAS concurrently with the execution and delivery of this Agreement, TransAlta has entered into Renewables Lock-up Agreements;

NOW THEREFORE, in consideration of the covenants and agreements herein contained and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the Parties do hereby covenant and agree as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

In this Agreement, including the recitals hereto, unless there is something in the context or subject matter inconsistent therewith, the following defined terms have the meanings hereinafter set forth:

(a) "**Acquisition Proposal**" means, other than the transactions contemplated by this Agreement, any bona fide direct or indirect offer, proposal or inquiry from any Person or group of Persons (other than TransAlta or its affiliates) after the date of this Agreement relating to:

(i) any sale or disposition (or any partnership, lease, license, long-term supply agreement or other arrangement having the same economic effect as a sale) of:

(A) assets representing 20% or more of the consolidated assets or contributing 20% or more of the consolidated revenue of Renewables and its subsidiaries in respect of the 12 month period ended March 31, 2023; or

(B) 20% or more of any class of voting securities of Renewables or any of its subsidiaries (or rights or interests therein or thereto);

(ii) any plan of arrangement, take-over bid, tender offer, exchange offer or other transaction that, if consummated, would result in a Person or group of Persons beneficially owning 20% or more of any class of voting securities of Renewables or any of its subsidiaries;

(iii) any plan of arrangement, merger, amalgamation, consolidation, share exchange, business combination, reorganization, recapitalization, liquidation, dissolution, winding up or other similar transaction involving Renewables and/or any of its subsidiaries representing or contributing, individually or in the aggregate, 20% or more of the consolidated assets or revenues, as applicable, of Renewables in respect of the 12 month period ended March 31, 2023;

(iv) any other similar transaction or series of transactions involving Renewables or any of its subsidiaries; or

(v) any other transaction, the completion of which would or would reasonably be expected to impede, interfere with, prevent or delay the transactions contemplated by this Agreement or the Arrangement,

in each case excluding the Arrangement and the transactions contemplated hereby;

(b) "**affiliate**" has the meaning specified in National Instrument 45-106 – *Prospectus Exemptions*;

(c) "**Agreement**", "**herein**", "**hereof**", "**hereto**", "**hereunder**" and similar expressions mean and refer to this Arrangement Agreement (including the Schedules hereto) as supplemented, modified or amended from time to time in accordance with its terms, and not to any particular Article, Section, Schedule or other portion hereof;

(d) "**Applicable Canadian Securities Laws**" in the context that refers to one or more Persons, means, collectively, and as the context may require, the securities legislation of each of the provinces of Canada, and all rules, regulations, instruments, notices, blanket orders and policies published and/or promulgated thereunder, as amended from time to time prior to the Effective Date, that apply to such Person or Persons or its business, undertaking, property or securities and emanate from a Governmental Authority having jurisdiction over the Person or Persons or its business, undertaking, property or securities;

(e) "**Applicable Laws**" in the context that refers to one or more Persons, means any domestic or foreign, national, federal, state, provincial, municipal, regional or local law (statutory, common, or otherwise), constitution, treaty, convention, ordinance, code, rule, regulation, order, injunction, judgment, decree, ruling or other similar requirement enacted, adopted, promulgated, or applied by a Governmental Authority, that is binding upon or applicable to such Person or Persons or its business or their business, undertaking, property or securities and, to the extent that they have the force of law, policies, guidelines, notices and protocols of any Governmental Authority;

(f) "**Applicable U.S. Securities Laws**" in the context that refers to one or more Persons, means, collectively, and as the context may require, the federal and state securities legislation of the United States and all rules, regulations and orders promulgated thereunder, as amended from time to time prior to the Effective Date, that apply to such Person or Persons or its business, undertaking, property or securities and emanate from

a Governmental Authority having jurisdiction over the Person or Persons or its business, undertaking, property or securities;

(g) "**Arrangement**" means the arrangement pursuant to section 192 of the CBCA, on the terms and subject to the conditions set forth in the Plan of Arrangement, subject to any amendments or variations made in accordance with the terms of this Agreement, Article 7 of the Plan of Arrangement or made at the direction of the Court in the Final Order provided that such amendments or variations are acceptable to both TransAlta and Renewables, each acting reasonably;

(h) "**Arrangement Resolution**" means the special resolution approving the Plan of Arrangement to be considered by the Renewables Shareholders at the Renewables Meeting substantially in the form set out in Schedule B;

(i) "**Articles of Arrangement**" means the articles of arrangement of Renewables in respect of the Arrangement required by subsection 192(6) of the CBCA to be sent to the Director after the Final Order is made, which shall include the Plan of Arrangement and otherwise be in form and substance satisfactory to both TransAlta and Renewables, each acting reasonably;

(j) "**AUC**" means the Alberta Utilities Commission;

(k) "**AUC Approval**" means approval from the AUC under section 101(2)(a) of the PUA;

(l) "**Authorization**" means with respect to any Person, any order, permit, approval, consent, waiver, licence, certificate, registration, franchise, privilege, quota, exemption or similar authorization of any Governmental Authority having jurisdiction over the Person;

(m) "**Breaching Party**" has the meaning set forth in Subsection 5.4(b);

(n) "**Business Day**" means a day other than a Saturday, Sunday or a statutory holiday in the Province of Alberta;

(o) "**CBCA**" means the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44;

(p) "**Certificate of Arrangement**" means the Certificate of Arrangement issued by the Director pursuant to subsection 192(7) of the CBCA in respect of the Articles of Arrangement, giving effect to the Arrangement;

(q) "**Circular**" means the notice of the Renewables Meeting and the accompanying management information circular, including all schedules, appendices and exhibits thereto, as amended, supplemented or otherwise modified from time to time in accordance with this Agreement;

(r) "**Class B Shares**" has the meaning set forth in Subsection 4.2(m);

(s) "**Confidentiality Agreement**" means the common interest privilege and confidentiality agreement dated December 31, 2021 between the Parties;

(t) "**Court**" means the Court of King's Bench of Alberta;

(u) "**Depositary**" means such Person as may be appointed by TransAlta with the approval of Renewables, acting reasonably, for the purpose of receiving deposits of certificates formerly representing Renewables Shares in connection with the Arrangement;

(v) "**Director**" means the Director appointed under section 260 of the CBCA;

(w) "**Disclosing Party**" has the meaning set forth in Subsection 4.3(a);

(x) "**Dissent Rights**" means the right of a registered Renewables Shareholder to dissent with respect to the Arrangement Resolution and to be paid by TransAlta the fair value of the Renewables Shares in respect of which the Renewables Shareholder dissents, granted pursuant to the Interim Order, all in accordance with section 190 of the CBCA (as modified by the Interim Order), the Interim Order and Article 4 of the Plan of Arrangement;

(y) "**Dissenting Shareholder**" means a registered Renewables Shareholder who has duly and validly exercised its Dissent Rights in strict compliance with section 190 of the CBCA, the Interim Order and Article 4 of the Plan of Arrangement, and who has not withdrawn or been deemed to have withdrawn such exercise of Dissent Rights;

(z) "**EDGAR**" means the Electronic Data Gathering Analysis and Retrieval System maintained by the SEC available at www.sec.gov/edgar.shtml;

(aa) "**Effective Date**" means the date shown on the Certificate of Arrangement giving effect to the Arrangement;

(bb) "**Effective Time**" means the time at which the Arrangement becomes effective on the Effective Date pursuant to the CBCA;

(cc) "**Final Order**" means a final order of the Court in a form acceptable to TransAlta and Renewables, each acting reasonably, in respect of the Arrangement pursuant to subsection 192(4)(e) of the CBCA, as such order may be amended by the Court at any time prior to the Effective Date, provided that such amendment is acceptable to both Renewables and TransAlta, each acting reasonably, or, if appealed, then unless such appeal is withdrawn or denied, as affirmed or amended on appeal, provided that such amendment is acceptable to both Renewables and TransAlta, each acting reasonably;

(dd) "**Governmental Authority**" means:

(i) any international, multinational, national, federal, provincial, state, regional, municipal, local or other government, governmental or public department, ministry, central bank, court, tribunal, arbitral body, commission, commissioner, board, bureau or agency, domestic or foreign;

(ii) any subdivision, agency, agent or authority of any of the foregoing; or

(iii) any quasi-governmental or private body, including any tribunal, commission, regulatory agency, stock exchange or self-regulatory organization, exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing including, for greater certainty, the Securities Authorities, the TSX, the NYSE, the AUC and any applicable regional reliability entity, electric system

operator, public utilities commission, public service commission or equivalent entity;

(ee) "**IFRS**" means Canadian generally accepted accounting principles for publicly accountable enterprises, being International Financial Reporting Standards as adopted by the Canadian Accounting Standards Board;

(ff) "**Interim Order**" means the interim order of the Court in a form acceptable to TransAlta and Renewables, each acting reasonably, pursuant to subsection 192(4)(c) of the CBCA in respect of the Arrangement, as such order may be affirmed, amended or modified (provided that such amendments or modifications are acceptable to both Renewables and TransAlta, each acting reasonably) by the Court;

(gg) "**Liens**" means any hypothecs, mortgages, pledges, assignments, liens, charges, security interests, encumbrances and adverse rights or claims, other third person interests or encumbrances of any kind, whether contingent or absolute, and any agreement, options, rights or privileges (whether by Applicable Law, contract or otherwise) capable of becoming any of the foregoing;

(hh) "**Management Services Agreement**" means the Management, Administrative and Operational Services Agreement dated August 9, 2013 between TransAlta and Renewables, as amended on May 7, 2015, January 6, 2016, February 28, 2020 and August 19, 2020;

(ii) "**Material Adverse Change**" or "**Material Adverse Effect**" means, with respect to a Party, any effect, change, event, development, circumstance or occurrence that, individually or in the aggregate with such other effects, changes, events, developments, circumstances or occurrences is, or would reasonably be expected to:

(i) be material and adverse to the current or future financial condition, business, operations, results of operations, assets, properties, capitalization, condition (financial or otherwise), liabilities (contingent or otherwise), or cash flows of such Party and its subsidiaries, taken as a whole, other than any effect, change, event, development, circumstance or occurrence resulting from:

(A) any condition or change in conditions generally affecting the industries in which such Party and any of its subsidiaries operate;

(B) any change in general economic, business, regulatory, political, currency, credit, securities or market conditions or in national or global financial, capital or credit markets;

(C) any decline in electricity or commodity prices on a current or forward basis;

(D) any matter in respect of which there has been disclosure in writing to the Other Party;

(E) changes in Applicable Laws (including tax laws and any changes to carbon prices or carbon taxes applicable to such Party or any of its subsidiaries);

(F) any downgrade of, or announcement of any intention to review, any credit rating of a Party or any of its subsidiaries (it being understood that the causes underlying such downgrade or review may be taken into account in determining whether a Material Adverse Effect has occurred);

(G) any changes in IFRS or to applicable accounting regulations or principles, or in the interpretation or enforcement thereof, after the date of this Agreement;

(H) any change in the market price or trading volume of any securities of such Party (it being understood that the causes underlying such change in market price or trading volume may be taken into account in determining whether a Material Adverse Effect has occurred);

(I) the failure of a Party to meet any internal or published forecasts, projections or estimates of revenues, earnings or cash flows, funds from operations, free cash flow, plant availability or generation of electricity (it being understood that the causes underlying such failure may be taken into account in determining whether a Material Adverse Effect has occurred);

(J) any acts of God, riots, terrorism, sabotage, natural disasters, epidemics, pandemic (including the COVID-19 pandemic), disease outbreak or similar public health crisis or public health event, military action or war (whether or not declared), change in global, national or regional political conditions, civil unrest, or disturbances or similar event or escalation or worsening thereof;

(K) any matter which has been publicly disclosed in a SEDAR or EDGAR filing made prior to the date of this Agreement that is available for public viewing under the Party's issuer profile on SEDAR or EDGAR (other than a matter which has been publicly disclosed as a risk factor or under a forward-looking information cautionary statement);

(L) any changes or effects arising from matters expressly permitted or contemplated by this Agreement or consented to or approved in writing by the Other Party; or

(M) the entry into, announcement, consummation or performance of, or failure to enter into or consummate, this Agreement and the transactions contemplated hereby, including any impact on relationships, contractual or otherwise, with customers, suppliers, distributors, lenders, partners, Governmental Authorities or employees or any litigation related to the transactions contemplated by this Agreement or actions taken or requirements imposed by any Governmental Authority in connection with this Agreement and the transactions contemplated hereby;

provided, however, that in each case, the causes underlying such changes may be considered to determine whether such causes constitute a Material Adverse Change or a Material Adverse Effect and where, in the case of (A), (B), (C), (E), (G) and (J), such effect relating to or resulting from the foregoing does not have a disproportionate effect on the current or future financial condition, business, operations, results of operations, assets, properties, capitalization, condition

(financial or otherwise), liabilities (contingent or otherwise) or cash flows of such Party and its subsidiaries, taken as a whole, as compared to the corresponding effect on comparable Persons operating in the industries and geographic areas in which such Party or any of its affiliates operate; or

(ii) materially impair the ability of such Party to consummate the transactions contemplated by this Agreement or that would materially impair, delay or impact its ability to perform its obligations under this Agreement by the Outside Date;

(jj) "**Material Leased Renewables Assets**" has the meaning set forth in Subsection 4.2(q);

(kk) "**Material Leased TransAlta Assets**" has the meaning set forth in Subsection 4.1(t);

(ll) "**Material Owned Renewables Assets**" has the meaning set forth in Subsection 4.2(q);

(mm) "**Material Owned TransAlta Assets**" has the meaning set forth in Subsection 4.1(t);

(nn) "**MI 61-101**" means Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*;

(oo) "**Minority Renewables Shareholders**" means Renewables Shareholders whose votes may be counted for purposes of obtaining minority approval of the Arrangement Resolution in accordance with MI 61-101;

(pp) "**misrepresentation**" has the meaning set forth in the Securities Act;

(qq) "**NBF**" means National Bank Financial Inc.;

(rr) "**NYSE**" means the New York Stock Exchange;

(ss) "**Options**" has the meaning set forth in Subsection 4.1(r);

(tt) "**Ordinary Course**" means, with respect to an action taken by any Person, that such action is consistent with the ordinary course of business and past practices of such Person, including, for greater certainty, any action taken by such Person which is necessary to preserve or protect the health and safety of individuals, property or the environment in accordance with past practice and good electricity industry practice;

(uu) "**Other Party**" means: (i) with respect to TransAlta, Renewables; and (ii) with respect to Renewables, TransAlta;

(vv) "**Outside Date**" means December 31, 2023 or such later date as may be agreed to in writing by the Parties, provided that if the Effective Time has not occurred by such date but all conditions of closing with the exception of the receipt of the Regulatory Approvals have been satisfied, and it is reasonable to conclude that such pending approval(s) will be obtained, any Party who is not in default hereunder may extend the Outside Date (upon giving notice thereof to the Other Party) for up to an additional 45 days, and at the end of that 45 days, the Outside Date may be extended for another 45 days by any non-defaulting Party under the same circumstances, but not beyond March 31, 2024;

(ww) "**Parties**" means TransAlta and Renewables; and "**Party**" means either one of them;

(xx) "**Person**" includes an individual, limited or general partnership, limited liability company, limited liability partnership, trust, joint venture, association, body corporate, unincorporated organization, trustee, executor, administrator, legal representative, government (including any Governmental Authority) or any other entity, whether or not having legal status;

(yy) "**Plan of Arrangement**" means the plan of arrangement under section 192 of the CBCA, substantially in the form set out in Schedule A to this Agreement and any amendments or variations made in accordance with this Agreement, Article 7 of the Plan of Arrangement or made at the direction of the Court in the Final Order, provided that such amendments or variations are acceptable to TransAlta and Renewables, each acting reasonably;

(zz) "**Preferred Shares**" has the meaning set forth in Subsection 4.1(p);

(aaa) "**Proceeding**" means any action, cause of action, claim, demand, litigation, suit, investigation, grievance, citation, summons, subpoena, inquiry, audit, hearing, originating application to a tribunal, arbitration or other similar proceeding of any nature, whether in equity in law, in contract, in tort or otherwise;

(bbb) "**PSUs**" has the meaning set forth in Subsection 4.1(r);

(ccc) "**PUA**" means the *Public Utilities Act*, R.S.A. 2000, c P-45;

(ddd) "**Recipient**" has the meaning set forth in Subsection 4.3(a);

(eee) "**Redeemable Shares**" means the redeemable, retractable Series I First Preferred Shares in the capital of TransAlta;

(fff) "**Regulatory Approvals**" means:

(i) the AUC Approval;

(ii) the TransAlta Share Issuance Approval; and

(iii) such other approvals (including the lapse, without objection, of a prescribed time under any law that states that a transaction may be implemented if a prescribed time lapses following the giving of notice without an objection being made) required in connection with the execution, delivery or performance of this Agreement or the consummation of the transactions contemplated by this Agreement;

(ggg) "**Renewables Board**" means the board of directors of Renewables;

(hhh) "**Renewables Cash Consideration**" means $13.00 in cash per Renewables Share;

(iii) "**Renewables DSU Plan**" means Renewables' Deferred Share Unit Plan adopted as of October 29, 2013, as amended and restated effective October 25, 2021;

(jjj) "**Renewables DSUs**" means deferred share units issued pursuant to the Renewables DSU Plan**;**

(kkk) "**Renewables Financial Advisors**" means NBF and TD Securities Inc., financial advisors to the Renewables Special Committee;

(lll) "**Renewables Financial Statements**" means the audited consolidated financial statements of Renewables as at and for the years ended December 31, 2022 and 2021, together with the notes thereto and the auditor's report thereon, and the unaudited consolidated interim financial statements of Renewables as at and for the three months ended March 31, 2023, together with the notes thereto;

(mmm) "**Renewables Information**" means the information describing Renewables and its business, operations and affairs required to be included in the Circular (including information incorporated into the Circular by reference) under Applicable Canadian Securities Laws;

(nnn) "**Renewables Lock-up Agreements**" means the support agreements separately entered into between TransAlta and certain directors of Renewables concurrently with the execution and delivery of this Agreement, pursuant to which each such director has agreed, among other things, to vote or cause to be voted all of their respective Renewables Shares, beneficially owned or controlled, in favour of the Arrangement Resolution and to otherwise support the Arrangement;

(ooo) "**Renewables Meeting**" means the special meeting of Renewables Shareholders to consider, among other things, the Arrangement Resolution and related matters, and any adjournments or postponements thereof;

(ppp) "**Renewables Preferred Shares**" has the meaning set forth in Subsection 4.2(m);

(qqq) "**Renewables Public Record**" means all information filed by or on behalf of Renewables with the Securities Authorities, in compliance, or intended compliance, with any Applicable Laws after January 1, 2023 and prior to the date hereof, which is available for public viewing under Renewables' profile on SEDAR;

(rrr) "**Renewables Securityholders**" means, collectively, Renewables Shareholders and holders of Renewables DSUs;

(sss) "**Renewables Shareholders**" means the registered or beneficial, as applicable, holders of issued and outstanding Renewables Shares;

(ttt) "**Renewables Shares**" means common shares in the capital of Renewables;

(uuu) "**Renewables Special Committee**" means the special committee formed by the Renewables Board to consider the Arrangement;

(vvv) "**Representatives**" has the meaning set forth in Subsection 3.4(a);

(www) "**RSUs**" has the meaning set forth in Subsection 4.1(r);

(xxx) "**SEC**" means the United States Securities and Exchange Commission;

(yyy) "**Section 3(a)(10) Exemption**" has the meaning set forth in Section 2.16;

(zzz) "**Securities Act**" means the *Securities Act*, R.S.A. 2000, c. S-4;

(aaaa) "**Securities Authorities**" means, collectively, the Alberta Securities Commission, the SEC, and the applicable securities commissions or similar securities regulatory authority of a province, state or territory of Canada or the United States;

(bbbb) "**SEDAR**" means the System for Electronic Document Analysis and Retrieval available at www.sedar.com;

(cccc) "**Share Unit Plan**" means TransAlta's Share Unit Plan adopted effective as of May 1, 2021, as amended as of November 2, 2021 and February 21, 2023 and as may be further amended from time to time;

(dddd) "**subsidiary**" has the meaning set forth in the Securities Act, provided, however, that, in respect of TransAlta, "**subsidiary**" shall not include Renewables or any of Renewables' subsidiaries;

(eeee) "**Superior Proposal**" means any unsolicited *bona fide* written Acquisition Proposal made after the date of this Agreement that did not result from or involve a breach of Section 3.4: (i) involving the direct or indirect acquisition of not less than all of the outstanding Renewables Shares not owned by TransAlta and its subsidiaries, or all or substantially all of the assets of Renewables; (ii) that complies with all Applicable Canadian Securities Laws and Applicable U.S. Securities Laws; and (iii) that the Renewables Board determines (upon recommendation by the Renewables Special Committee) in good faith: (A) is reasonably capable of being completed at the time and on the basis set out therein, taking into account all financial, legal, regulatory and other aspects of such proposal and the party making such Acquisition Proposal; (B) in respect of which it has been demonstrated to the reasonable satisfaction of the Renewables Board, that adequate arrangements have been made in respect of any financing required to complete such Acquisition Proposal, if any; (C) that is not subject to any due diligence condition; and (D) in respect of which the Renewables Board determines, in its good faith judgment, after receiving the advice of its financial advisors and after taking into account all of the terms and conditions of such Acquisition Proposal, including all legal, financial, regulatory and other aspects of such Acquisition Proposal and the party making such Acquisition Proposal, would or would be reasonably expected to, if consummated in accordance with its terms, but without assuming away the risk of non-completion, result in a transaction more favourable, from a financial point of view, to the Renewables Shareholders (other than TransAlta and its subsidiaries) than the Arrangement (including any amendments to the terms and conditions of the Arrangement proposed by TransAlta pursuant to Subsection 3.4(e));

(ffff) "**Tax Act**" means the *Income Tax Act*, R.S.C. 1985, c. 1 (5th Supp.);

(gggg) "**Terminating Party**" has the meaning set forth in Subsection 5.4(b);

(hhhh) "**Termination Notice**" has the meaning set forth in Subsection 5.4(b);

(iiii) "**Third Party Beneficiaries**" has the meaning set forth in Section 10.7;

(jjjj) "**TransAlta Board**" means the board of directors of TransAlta;

(kkkk) "**TransAlta Damages Event**" has the meaning set forth in Section 6.1;

(llll) "**TransAlta Damages Fee**" has the meaning set forth in Section 6.1;

(mmmm) "**TransAlta Financial Statements**" means the audited consolidated financial statements of TransAlta as at and for the years ended December 31, 2022 and 2021, together with the notes thereto and the auditor's report thereon, and the unaudited consolidated interim financial statements of TransAlta as at and for the three months ended March 31, 2023, together with the notes thereto;

(nnnn) "**TransAlta Information**" means the information describing TransAlta and its business, operations and affairs required to be included in the Circular (including information incorporated into the Circular by reference) under Applicable Canadian Securities Laws and specifically provided by or approved by TransAlta for inclusion in the Circular;

(oooo) "**TransAlta Public Record**" means all information filed by or on behalf of TransAlta with the Securities Authorities, in compliance, or intended compliance, with any Applicable Laws after January 1, 2023 and prior to the date hereof which is available for public viewing under TransAlta's profile on EDGAR or SEDAR;

(pppp) "**TransAlta Share Issuance Approval**" means the conditional approval of each of the TSX and the NYSE for the listing of the TransAlta Shares issuable in connection with the Arrangement, subject only to customary conditions reasonably expected to be satisfied;

(qqqq) "**TransAlta Shareholder Rights Plan**" means the TransAlta shareholder rights plan dated as of October 13, 1992, as amended and restated as of April 28, 2022 and as may be further amended and restated, between TransAlta and AST Trust Company (Canada) and subsequently assigned by AST Trust Company (Canada) to Computershare Trust Company of Canada effective November 22, 2019;

(rrrr) "**TransAlta Shareholders**" means the registered or beneficial, as applicable, holders of issued and outstanding TransAlta Shares;

(ssss) "**TransAlta Shares**" means common shares in the capital of TransAlta;

(tttt) "**TransAlta SRPs**" has the meaning set forth in Subsection 4.1(r);

(uuuu) "**Transferred Information**" has the meaning set forth in Subsection 4.3(a);

(vvvv) "**TSX**" means the Toronto Stock Exchange;

(wwww) "**U.S. Exchange Act**" means the United States *Securities Exchange Act of 1934*;

(xxxx) "**U.S. Securities Act**" means the United States *Securities Act of 1933*; and

(yyyy) "**United States**" means the United States of America, its territories and possessions, any state of the United States, and the District of Columbia.

1.2 Interpretation Not Affected by Headings, etc.

The division of this Agreement into articles, sections and subsections is for convenience of reference only and does not affect the construction or interpretation of this Agreement. The terms "this Agreement", "hereof", "herein" and "hereunder" and similar expressions refer to this Agreement (including the Schedules hereto) and not to any particular article, section or other portion hereof and include any agreement or instrument supplementary or ancillary hereto. Unless

something in the subject matter or context is inconsistent therewith, references herein to Articles, Sections and Schedules are to Articles and Sections of and Schedules to this Agreement.

1.3 Number, etc.

Words importing the singular number include the plural and vice versa and words importing the use of any gender include all genders.

1.4 Date for Any Action

If any date on which any action is required to be taken hereunder by any of the Parties is not a Business Day, such action is required to be taken on the next succeeding day which is a Business Day.

1.5 Entire Agreement

This Agreement and the Confidentiality Agreement constitute the entire agreement between the Parties pertaining to the subject matter hereof and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written, between the Parties with respect to the subject matter hereof. For greater certainty, the Renewables Lock-up Agreements are separate agreements between the respective parties thereto and are unaffected by this Section 1.5.

1.6 Currency

All sums of money which are referred to in this Agreement are expressed in lawful money of Canada.

1.7 Accounting Matters

Unless otherwise stated, wherever in this Agreement reference is made to a calculation to be made or an action to be taken in accordance with IFRS, such reference will be deemed to be to IFRS, from time to time approved by the Canadian Accounting Standards Board or any successor institute, and applicable as at the date on which such calculation or action is made or taken or required to be made or taken.

1.8 References to Legislation

References in this Agreement to any statute or sections thereof shall include such statute as amended or substituted and any regulations promulgated thereunder from time to time in effect.

1.9 Enforceability

All representations, warranties, covenants and opinions in or contemplated by this Agreement as to the enforceability of any covenant, agreement or document are subject to enforceability being limited by applicable bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other laws relating to or affecting creditors' rights generally, and the discretionary nature of certain remedies (including specific performance and injunctive relief and general principles of equity).

1.10 Knowledge

Where any representation or warranty contained in this Agreement is expressly qualified by reference to the knowledge of TransAlta, it refers to the actual knowledge (having made due inquiry) of John Kousinioris, Kerry O'Reilly and Todd Stack, in each case in their capacities as officers of TransAlta and not in their personal capacities and without personal liability, and does not include the knowledge or awareness of any other individual or any constructive, implied or imputed knowledge.

1.11 Interpretation Not Affected by Party Drafting

The Parties acknowledge that their respective legal counsel has reviewed and participated in negotiating, drafting and settling the terms of this Agreement, and the Parties agree that any rule of construction to the effect that any ambiguity is to be resolved against the drafting party will not be applicable in the interpretation of this Agreement.

1.12 Schedules

The following schedules attached hereto are incorporated into and form an integral part of this Agreement:

Schedule A – Plan of Arrangement
Schedule B – Arrangement Resolution

ARTICLE 2
THE ARRANGEMENT AND RENEWABLES MEETING

2.1 Plan of Arrangement

As soon as practicable following the date hereof, subject to the terms and conditions contained in this Agreement, the Parties shall effect the Arrangement pursuant to and in accordance with the Plan of Arrangement.

2.2 Interim Order, Final Order, etc.

(a) As soon as reasonably practicable following the execution of this Agreement and, in any event, by no later than August 25, 2023, Renewables shall apply to the Court, in a manner reasonably acceptable to TransAlta, for the Interim Order and thereafter diligently seek the Interim Order and, upon receipt thereof, Renewables shall forthwith carry out the terms of the Interim Order to the extent applicable to it. The Interim Order shall provide, among other things:

(i) for the class of Persons to whom notice is to be provided in respect of the Arrangement and the Renewables Meeting and the manner in which such notice is to be provided;

(ii) confirmation of the record date in respect of the Renewables Meeting;

(iii) that the Renewables Shareholders shall be entitled to vote with respect to the Arrangement Resolution, with each Renewables Shareholder being entitled to one vote for each Renewables Share held;

(iv) that the requisite shareholder approval for the Arrangement Resolution shall be (a) at least two-thirds of the votes cast by the Renewables Shareholders present in person or represented by proxy at the Renewables Meeting and (b) a simple majority of the votes cast by Minority Renewables Shareholders present in person or represented by proxy at the Renewables Meeting;

(v) that in all other respects, the terms, restrictions and conditions of Renewables' articles and by-laws, including quorum requirements and all other matters, shall apply in respect of the Renewables Meeting;

(vi) for the grant of Dissent Rights in the manner contemplated in the Plan of Arrangement;

(vii) that the Renewables Meeting may be adjourned or postponed from time to time by Renewables in accordance with this Agreement or the Interim Order or with the consent of TransAlta without the need for additional approval of the Court;

(viii) that, except as required by Applicable Laws, the record date for determining Renewables Shareholders entitled to notice of and to vote at the Renewables Meeting will not change in respect of any adjournment or postponement of the Renewables Meeting; and

(ix) for the notice requirements with respect to the presentation of the application to the Court for the Final Order.

TransAlta will use its reasonable commercial efforts to assist Renewables in obtaining the Interim Order.

(b) Provided the Interim Order is obtained and the Arrangement Resolution is passed at the Renewables Meeting as provided for in the Interim Order, Renewables shall, as soon as reasonably practicable following the Renewables Meeting, submit the Arrangement to the Court and apply for the Final Order by no later than ten calendar days after the Arrangement Resolution is approved at the Renewables Meeting or such later date as may be agreed to by TransAlta, acting reasonably. TransAlta will use its reasonable commercial efforts to assist Renewables in obtaining the Final Order. Renewables will forthwith carry out the terms of the Final Order applicable to it.

(c) Forthwith following the issuance of the Final Order and subject to the satisfaction or waiver (subject to Applicable Laws) of the conditions (excluding conditions that, by their terms, cannot be satisfied until the Effective Date, but subject to the satisfaction or, where permitted, waiver of those conditions as of the Effective Date) set forth in Article 5, Renewables shall proceed to file the Articles of Arrangement, the Final Order and such other documents as may be required to give effect to the Arrangement with the Director pursuant to subsection 192(6) of the CBCA, whereupon the transactions comprising the Arrangement shall occur and shall be deemed to have occurred in the order set out in the Plan of Arrangement without any further act or formality.

2.3 Circular and Renewables Meeting

(a) As promptly as practicable following the execution of this Agreement and in compliance with the Interim Order and Applicable Laws:

(i) Renewables shall, with assistance from and the participation of TransAlta: (i) prepare the Circular and, after Renewables obtains the Interim Order, cause the Circular to be mailed to the Renewables Shareholders and filed with applicable Securities Authorities, other regulatory authorities and other Governmental Authorities in all jurisdictions where the same is required to be mailed and filed so as to permit the Renewables Meeting to be held on September 26, 2023 or as soon thereafter as reasonably practicable and, in any event, by no later than October 10, 2023; (ii) call, give notice of, convene and conduct the Renewables Meeting on September 26, 2023 or as soon thereafter as reasonably practicable and, in any event, by no later than October 10, 2023; and (iii) unless as otherwise agreed in writing between the Parties, shall not adjourn, postpone or cancel (or propose to adjourn, postpone or cancel) or fail to conduct the Renewables Meeting, without the prior written consent of TransAlta, except for adjournments or postponements:

(A) as required for quorum purposes (in which case the Renewables Meeting shall be adjourned) or by Applicable Laws or by a Governmental Authority;

(B) as required under Subsection 3.4(h) or 5.4(b); or

(C) upon determination by the Renewables Special Committee that the Arrangement Resolution will not receive the level of approval required by the Interim Order in order to become effective and Renewables thereafter advises TransAlta that Renewables wishes to undertake measures to facilitate approval of the Arrangement Resolution; provided that the Renewables Meeting so adjourned or postponed shall be held not later than 30 days after the date on which the Renewables Meeting was originally scheduled and provided that this Subsection 2.3(a)(i)(C) is not meant in any way to modify the rights of the Parties to terminate this Agreement following such adjournment or postponement if permitted to do so hereunder,

and Renewables will include in the Circular the fairness opinions contemplated by Subsection 2.7(a), and the formal valuation contemplated by Subsection 2.7(b).

(b) Each of TransAlta and Renewables shall ensure that the TransAlta Information and the Renewables Information, respectively, provided by it for inclusion in the Circular does not, at the time of the mailing of the Circular, contain a misrepresentation. Without limiting the generality of the foregoing, the Parties shall ensure that the Circular complies in all material respects with Applicable Laws and provides Renewables Shareholders with information in sufficient detail to permit them to form a reasoned judgment concerning the matters to be placed before them at the Renewables Meeting.

(c) TransAlta shall, in a timely manner, provide Renewables with the TransAlta Information, and such other information relating to TransAlta as Renewables may reasonably request for inclusion in the Circular (including all necessary third party consents), so as to permit Renewables to comply with the timeline set out above in this Section 2.3.

(d) Each Party shall provide the Other Party and its representatives with a reasonable opportunity to review and comment, in the case of TransAlta, on the Circular and in the case of Renewables, on the TransAlta Information, and any other relevant documentation

and reasonable consideration shall be given to any comments made by the Other Party and its representatives, provided that all Renewables Information and TransAlta Information included in the Circular shall be in form and content satisfactory to Renewables and TransAlta, respectively and acting reasonably, and provided that the Circular shall comply in all material respects with Applicable Laws. Renewables shall ensure TransAlta has been provided with a final copy of the Circular prior to mailing to the Renewables Shareholders.

(e) Renewables shall instruct its registrar and transfer agent to advise TransAlta and Renewables as TransAlta or Renewables may reasonably request, and at least on a daily basis on each of the last 10 Business Days prior to the date of the Renewables Meeting, as to the aggregate tally of the proxies received by Renewables in respect of the Arrangement Resolution.

(f) Renewables shall, subject to the terms hereof, use all commercially reasonable efforts to secure the approval of the Arrangement Resolution by Renewables Shareholders and solicit proxies for the approval of the Arrangement Resolution in accordance with Applicable Laws, including, if so requested by TransAlta, in its sole discretion and at TransAlta's own expense: (i) using dealer and proxy solicitation services; and (ii) cooperating with any Persons engaged by TransAlta to solicit proxies in favour of the approval of the Arrangement Resolution.

(g) Renewables will promptly advise TransAlta of any communications (whether written or oral) from any Renewables Shareholder or other third parties in relation to the Renewables Meeting that includes any opposition to the Arrangement Resolution.

(h) Renewables shall provide notice to TransAlta of the Renewables Meeting and allow TransAlta's representatives and legal counsel to attend the Renewables Meeting.

(i) Renewables shall conduct the Renewables Meeting in accordance with the constating documents of Renewables, the Interim Order and as otherwise required by Applicable Laws.

2.4 Court Proceedings

Renewables shall provide TransAlta and its counsel with a reasonable opportunity to review and comment upon drafts of all material to be filed by Renewables with the Court in connection with the Arrangement and any supplement or amendment thereto, including by providing on a timely basis a description of any information required to be supplied by TransAlta for inclusion in such materials, prior to the service and filing of such materials, and will accept the reasonable comments of TransAlta and its legal counsel with respect to any such information required to be supplied by TransAlta and included in such materials, and will provide counsel to TransAlta on a timely basis with copies of any notice of appearance and evidence served on Renewables or its counsel in respect of the application for the Interim Order and/or the Final Order or any appeal therefrom and of any notice (written or oral) received by Renewables indicating any intention to oppose the granting of the Interim Order or the Final Order or to appeal the Interim Order or the Final Order. Renewables will ensure that all material filed with the Court in connection with the Arrangement is consistent in all material respects with this Agreement and the Plan of Arrangement. Renewables will not, subject to Applicable Law, file any material with the Court in connection with the Arrangement or serve any such material, and will not agree to modify or amend materials so filed or served, except with the written consent of TransAlta, such consent

not to be unreasonably withheld or delayed. In addition, Renewables will not object to legal counsel to TransAlta making such submissions on the hearing of the motion for the Interim Order and the application for the Final Order as such counsel considers appropriate, acting reasonably. Renewables will oppose any proposal from any Person that the Final Order contain any provision inconsistent with this Agreement, and if required by the terms of the Final Order or by Applicable Law to return to Court with respect to the Final Order, to do so only after notice to, and in consultation and cooperation with, TransAlta.

2.5 Renewables Board Recommendation

Based upon, among other things:

(a) the receipt of the Renewables Special Committee of the opinions of the Renewables Financial Advisors that are referred to in Section 2.7(a), and the presentation and verbal valuation range in respect of the valuation of NBF with respect to a Renewables Share that is referred to in Section 2.7(b); and

(b) the recommendation of the Renewables Special Committee,

the Renewables Board has unanimously (other than the directors who abstained due to an actual or perceived conflict): (i) determined that the Arrangement is in the best interests of Renewables, and that the consideration to be received by the Renewables Shareholders (other than TransAlta and its subsidiaries) pursuant to the Arrangement is fair to such Renewables Shareholders; (ii) approved the Arrangement and the entering into of this Agreement; and (iii) resolved to recommend that Renewables Shareholders (other than TransAlta and its subsidiaries) vote in favour of the Arrangement Resolution. Notice of such approvals, determinations and resolution shall, subject to the terms hereof, be included in the Circular.

2.6 TransAlta Board Approval

The TransAlta Board has: (i) determined that the Arrangement is in the best interests of TransAlta; and (ii) approved the Arrangement and the entering into of this Agreement. Notice of such approvals and determinations shall, subject to the terms hereof, be included in the Circular.

2.7 Renewables Fairness Opinion and Renewables Formal Valuation

(a) Subject to the assumptions and qualifications included therein, the Renewables Special Committee has obtained verbal opinions from the Renewables Financial Advisors to the effect that the consideration to be received by the Renewables Shareholders (other than TransAlta and its subsidiaries) pursuant to the Arrangement is fair, from a financial point of view, to such Renewables Shareholders and has been advised by each of the Renewables Financial Advisors that it will provide a written opinion to that effect for inclusion in the Circular, and Renewables shall include a copy of such opinions in the Circular. None of the opinions of the Renewables Financial Advisors have been withdrawn, amended, modified or rescinded as of the date of this Agreement.

(b) Subject to the assumptions and qualifications included therein, the Renewables Special Committee has obtained a presentation and verbal valuation range in respect of the valuation of the Renewables Shares from NBF and has been advised by NBF that it will provide to the Renewables Special Committee a written formal valuation for inclusion of such valuation or a summary of it in the Circular (and if only a summary is included, the

entire formal valuation will be filed by Renewables on its SEDAR profile on or before the date of mailing the Circular).

2.8 Regulatory Matters

(a) Subject to Subsection 3.3(e), the Parties shall, as promptly as practicable, co-operate in the preparation and filing of any necessary documents, registrations, statements, petitions, filings and applications for the Regulatory Approvals and use their commercially reasonable efforts to obtain the Regulatory Approvals, and provide or submit all documentation and information that is required or reasonably considered by the Parties to be advisable in connection with obtaining the Regulatory Approvals. In addition, the Parties shall use commercially reasonable efforts to obtain any other third party consents, waivers, permits, exemptions, orders, approvals, agreements, amendments or confirmations that are reasonably deemed by either of the Parties to be necessary in connection with the Arrangement.

(b) Each Party shall promptly notify the Other Party if at any time before the Effective Time it becomes aware that the Circular, an application for a Regulatory Approval or any other third party consents, waivers, permits, exemptions, orders, approvals, agreements, amendments or confirmations necessary pursuant to Subsection 2.8(a) contains a misrepresentation, or of information that otherwise requires an amendment or supplement to the Circular, the application for a Regulatory Approval or such other consent, waiver, permit, exemption, order, approval, agreement, amendment or confirmation, as the case may be, and the Parties shall co-operate in the preparation of such amendment or supplement as required, including the distribution and filing of such amendment or supplement by the Parties.

(c) Each Party will promptly inform the Other Party of any requests or comments made by Securities Authorities in connection with the Circular. Each of the Parties will cooperate with the other and shall diligently do all such acts and things as may be reasonably necessary in the context of the preparation of the Circular and use its reasonable commercial efforts to resolve all requests or comments made by Securities Authorities with respect to the Circular and any other filings related to the Circular or the Arrangement and required under Applicable Laws as promptly as practicable after receipt thereof.

2.9 Closing

The closing of the transactions contemplated hereby and by the Arrangement will take place electronically in Calgary, Alberta on the Effective Date.

2.10 Articles of Arrangement and Effective Date

No later than the third Business Day after the satisfaction or, where not prohibited, the waiver by the applicable Party in whose favour the condition is, of the conditions (excluding conditions that, by their terms, cannot be satisfied until the Effective Date, but subject to the satisfaction or, where not prohibited, the waiver by the applicable Party in whose favour the condition is, of those conditions as of the Effective Date) set forth in Article 5, unless another time or date is agreed to in writing by the Parties, the Articles of Arrangement shall be filed by Renewables with the Director. The Articles of Arrangement shall implement the Plan of Arrangement and shall include the form of the Plan of Arrangement attached to this Agreement as Schedule A, as it may be amended, supplemented or modified from time to time by written agreement of the Parties hereto.

The Certificate of Arrangement issued by the Director shall be conclusive evidence that the Arrangement has become effective as of the Effective Time. The Parties shall use their reasonable commercial efforts to cause the Effective Date to occur on or about October 5, 2023 or as soon thereafter as reasonably practicable and, in any event, by no later than the Outside Date.

2.11 Public Communications

The Parties agree to issue a joint press release with respect to this Agreement as soon as practicable after its due execution, the form and content of which will be satisfactory to each of the Parties, acting reasonably. Thereafter, each Party shall receive the prior consent, not to be unreasonably withheld or delayed, of the Other Party prior to issuing or permitting any director, officer, employee or agent to issue, any press release or other public written statement with respect to this Agreement or the transactions contemplated hereby. Notwithstanding the foregoing, if either Party is required by Applicable Laws to make any disclosure relating to the transactions contemplated herein, such disclosure may be made, but that Party will use reasonable commercial efforts to consult with the Other Party as to the wording of such disclosure prior to its being made. The Parties consent to this Agreement being filed on SEDAR and EDGAR.

2.12 Resignation of Directors of Renewables

Renewables shall obtain and deliver to TransAlta at the Effective Time evidence reasonably satisfactory to Renewables and TransAlta of the resignations and mutual releases effective as of the Effective Time of all of the directors of Renewables who are not officers of TransAlta.

2.13 Indemnities and Directors' and Officers' Insurance

(a) TransAlta agrees that it will honour all rights to indemnification or exculpation now existing in favour of present and former officers and directors of Renewables pursuant to the provisions of the constating documents of Renewables, applicable corporate legislation and any written indemnity agreements which have been entered into between Renewables and its officers and directors effective on or prior to the date hereof, and acknowledges that such rights shall survive the completion of the Plan of Arrangement and shall continue in full force and effect in accordance with their terms for a period of not less than six years from the Effective Date;

(b) Prior to the Effective Date, Renewables shall obtain "run off" directors' and officers' liability insurance for its officers and directors, with such insurance having substantially equivalent coverage to Renewables' existing directors' and officers' liability insurance, covering claims made on or prior to or within six years after the Effective Date and TransAlta will, or will cause Renewables to maintain, such "run off" policies in effect without any reduction in scope or coverage for six years from the Effective Date, and agrees to not take or permit any action to be taken by or on behalf of Renewables to terminate or adversely affect such directors' and officers' insurance; and

(c) If, at or following the Effective Date, TransAlta or any of its subsidiaries or any of their respective successors or assigns: (i) consolidates with or merges into any other Person and is not a continuing or surviving corporation or entity of such consolidation or merger; or (ii) transfers all or substantially all of its properties and assets to any Person, TransAlta shall ensure that any such successor or assign (including, as applicable, any acquirer of

substantially all of the properties and assets of Renewables or its subsidiaries) assumes all of the obligations set forth in this Section 2.13.

2.14 Payment of Consideration

TransAlta shall: (i) no later than the Business Day immediately prior to the sending by Renewables of the Articles of Arrangement to the Director in accordance with Section 2.10, provide, or cause to be provided, to the Depositary sufficient cash to be held in escrow (the terms and conditions of such escrow to be satisfactory to TransAlta and Renewables, each acting reasonably) to satisfy the aggregate Renewables Cash Consideration as provided for in the Plan of Arrangement; and (ii) on the Effective Date, prior to sending the Articles of Arrangement to the Director pending only filing the Articles of Arrangement, deposit, or cause to be deposited, in escrow with the Depositary, to be released in accordance with the Plan of Arrangement for the benefit of and to be held on behalf of the Renewables Shareholders entitled to receive the TransAlta Shares pursuant to the Plan of Arrangement, certificates representing, or other evidence regarding the issuance of, the TransAlta Shares that such Renewables Shareholders are entitled to receive under the Arrangement.

2.15 Tax Withholdings

TransAlta, Renewables and the Depositary shall be entitled to deduct and withhold from any consideration otherwise payable to any former Renewables Securityholder under the Plan of Arrangement, including from any amount payable to any Dissenting Shareholder or any dividend or other distribution payable pursuant to Section 5.6 of the Plan of Arrangement, as the case may be, such amounts as TransAlta, Renewables or the Depositary is required to deduct and withhold from such consideration in accordance with the Tax Act, the *United States Internal Revenue Code of 1986*, or any other provision of any Applicable Laws. Any such amounts will be deducted and withheld from the consideration payable pursuant to the Plan of Arrangement and shall be treated for all purposes as having been paid to the former Renewables Securityholder in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted to the appropriate taxing authority. To the extent that the amount so required to be deducted or withheld from any payment to a former Renewables Securityholder exceeds the cash component, if any, of the consideration otherwise payable to the holder, TransAlta and the Depositary are hereby authorized to sell or otherwise dispose of such portion of the TransAlta Shares otherwise issuable to the holder as is necessary to provide sufficient funds to TransAlta or the Depositary, as the case may be, to enable it to comply with such deduction or withholding requirement and TransAlta or the Depositary shall notify the holder thereof and remit the applicable portion of the net proceeds of such sale to the appropriate taxing authority and shall remit to such holder any unapplied balance of the proceeds of such sale (after deducting applicable sale commissions and any other reasonable expenses relating thereto). To the extent that TransAlta Shares are so sold or disposed of, such withheld amounts, or such TransAlta Shares so sold or disposed of, shall be treated for all purposes as having been issued to the holder in respect of which such sale or disposition was made, provided that such net proceeds of such sale or disposition, as the case may be, are actually remitted to the appropriate taxing authority. TransAlta and the Depositary shall not be obligated to seek or obtain a minimum price for any TransAlta Shares sold or disposed of by it hereunder, nor shall TransAlta or the Depositary be liable for any loss arising out of any such sale or disposition.

2.16 U.S. Securities Laws

The Arrangement shall be structured and executed such that, assuming the Court considers the fairness of the terms and conditions of the Arrangement (both procedurally and substantively) at a hearing at which Renewables Securityholders have a right to appear and grants the Final Order, the issuance of the TransAlta Shares issuable to Renewables Securityholders under the Arrangement will not require registration under the U.S. Securities Act, in reliance upon section 3(a)(10) thereof (the "**Section 3(a)(10) Exemption**"). Each Party agrees to act in good faith, consistent with the intent of the Parties and the intended treatment of the Arrangement as set forth in this Section 2.16.

In order to ensure the availability of the Section 3(a)(10) Exemption, the Parties agree that the Arrangement shall be carried out on the following basis:

(a) the Arrangement shall be subject to the approval of the Court, following the hearing referred to below;

(b) the Court shall be advised as to the intention of the Parties to rely on the Section 3(a)(10) Exemption prior to the hearing required to approve the Arrangement;

(c) the Final Order shall state that the Plan of Arrangement is fair and reasonable (including that the terms and conditions on which the Renewables Securityholders will be issued TransAlta Shares in exchange for their Renewables Shares are fair) and is approved by the Court as well as the following or substantially similar language: "This Order will serve as a basis of a claim to an exemption, pursuant to Section 3(a)(10) of the United States Securities Act of 1933, as amended, from the registration requirements otherwise imposed by that act regarding the distribution of securities of TransAlta pursuant to the Plan of Arrangement";

(d) the Parties shall ensure that each Person entitled to receive TransAlta Shares on completion of the Arrangement shall be given adequate notice, in a timely manner, advising them of their right to attend and appear before the Court at the hearing of the Court for the Final Order and providing them with adequate information to enable such Person to exercise such right;

(e) each Person to whom TransAlta Shares shall be issued pursuant to the Arrangement shall be advised that such TransAlta Shares have not been registered under the U.S. Securities Act and shall be issued by TransAlta in reliance upon the Section 3(a)(10) Exemption and, in the case of Persons who are as of (or within 90 days of) the Effective Time affiliates (within the meaning of Applicable U.S. Securities Laws) of TransAlta, shall be subject to certain restrictions on resale under Applicable U.S. Securities Laws, including Rule 144 under the U.S. Securities Act; and

(f) the Interim Order shall permit each Person to whom TransAlta Shares shall be issued pursuant to the Arrangement to appear before the Court at the Final Order hearing so long as such Person serves and files a notice of appearance within the required time set out in the Interim Order.

2.17 Treatment of Renewables Incentives

The Renewables DSUs will be terminated in accordance with terms of the Plan of Arrangement.

ARTICLE 3
COVENANTS

3.1 Covenants of TransAlta

From the date hereof until the earlier of the completion of the Arrangement and the termination of this Agreement in accordance with Article 8, except with the prior written consent of Renewables, which consent shall not be unreasonably withheld, and except as otherwise expressly permitted or specifically contemplated by this Agreement, disclosed in the TransAlta Public Record prior to the date hereof or as otherwise required by Applicable Laws:

(a) TransAlta shall conduct its business and TransAlta shall cause the business of its subsidiaries to be conducted only in the Ordinary Course (subject to compliance with applicable health guidelines related to the COVID-19 pandemic);

(b) except in furtherance of the transactions contemplated in this Agreement or as expressly permitted by this Agreement, TransAlta shall not directly or indirectly do or permit to occur any of the following:

(i) amend its constating documents;

(ii) issue, grant, sell or pledge or agree to issue, grant, sell or pledge any TransAlta Shares, or securities convertible into or exchangeable or exercisable for, or otherwise evidencing a right to acquire, TransAlta Shares, except in respect of outstanding convertible securities of TransAlta and grants of Options, PSUs and RSUs in the Ordinary Course;

(iii) split, combine or reclassify any of its securities unless the Arrangement is amended upon the same terms and conditions;

(iv) declare any dividends or other distributions on the TransAlta Shares other than quarterly dividends in the Ordinary Course;

(v) adopt a plan of liquidation or resolutions providing for the liquidation, dissolution or reorganization of TransAlta;

(vi) take any action, refrain from taking any commercially reasonable action, permit any action to be taken or not taken by it or any of its subsidiaries, which is inconsistent with this Agreement or which would reasonably be expected to prevent, materially delay or otherwise impede the consummation of the Arrangement;

(vii) enter into or modify any contract, agreement, commitment or arrangement with respect to any of the foregoing; or

(viii) make any changes to its existing accounting policies other than as required by Applicable Laws or IFRS;

(c) TransAlta shall not take any action or refrain from taking any action that would render, or may reasonably be expected to render, any representation or warranty made by TransAlta or on behalf of its subsidiaries in this Agreement untrue in any material respect at any time

prior to completion of the Arrangement or termination of this Agreement, whichever first occurs;

(d) TransAlta shall promptly notify Renewables in writing of any Material Adverse Change of TransAlta, and TransAlta shall in good faith discuss with Renewables any change in circumstances (actual, anticipated, contemplated, or to the knowledge of TransAlta, threatened) which is of such a nature that there may be a reasonable question as to whether notice needs to be given to Renewables pursuant to this provision;

(e) TransAlta will use its reasonable commercial efforts to satisfy or cause the satisfaction of the conditions set forth in Section 5.1 and Section 5.3 and to take all steps set forth in the Interim Order and Final Order applicable to it as soon as reasonably practicable;

(f) TransAlta shall ensure that it has available funds to effect the payment, within the time periods contemplated herein, of the aggregate Renewables Cash Consideration as provided for in the Plan of Arrangement having regard to its other liabilities and obligations, and shall take all such actions as may be necessary to ensure that it is able to pay such aggregate Renewables Cash Consideration when required;

(g) TransAlta shall indemnify and save harmless Renewables and the directors, officers and agents of Renewables from and against any and all liabilities, claims, demands, losses, costs, damages and expenses (excluding any loss of profits or consequential damages) to which Renewables, or any director, officer or agent thereof, may be subject or which Renewables, or any director, officer or agent thereof, may suffer, whether under the provisions of any Applicable Law or otherwise, in any way caused by, or arising, directly or indirectly, from or in consequence of:

(i) any misrepresentation contained solely in the TransAlta Information;

(ii) any order made or any inquiry, investigation or proceeding by any Securities Authority or other Governmental Authority based upon any misrepresentation or any alleged misrepresentation in the Circular or any material filed by or on behalf of TransAlta or by Renewables, in each case only to the extent such misrepresentation or alleged misrepresentation is contained in the TransAlta Information; or

(iii) TransAlta not complying with any requirement of Applicable Laws in connection with the transactions contemplated in this Agreement,

except that TransAlta shall not be liable in any such case to the extent that any such liabilities, claims, demands, losses, costs, damages and expenses arise out of or are based upon any misrepresentation or any alleged misrepresentation in the Circular (other than in the TransAlta Information), the negligence of Renewables or the non-compliance by Renewables with any requirement of Applicable Laws in connection with the transactions contemplated by this Agreement;

(h) except for proxies and other non-substantive communications with the holders of TransAlta Shares, and communications that TransAlta is required to keep confidential pursuant to Applicable Laws, TransAlta shall furnish promptly to Renewables or Renewables' counsel a copy of each notice, communication, report, schedule or other document delivered, filed or received by TransAlta from holders of TransAlta securities or

Governmental Authorities in connection with: (i) the Arrangement; (ii) the Renewables Meeting; (iii) any filings under Applicable Laws that pertain to the Arrangement; (iv) any dealings with any Governmental Authority in connection with the transactions contemplated by this Agreement; and (v) any notice or other communication from any Person alleging that the consent (or waiver, permit, exemption, order, approval, agreement, amendment or confirmation) of such Person (or another Person) is or may be required in connection with this Agreement or the Arrangement;

(i) TransAlta will use its reasonable commercial efforts to obtain all necessary consents, approvals, authorizations and filings as are required to be obtained or made by TransAlta under any Applicable Laws and to satisfy any condition provided for under this Agreement including, without limitation, causing the TransAlta Shares issuable pursuant hereto to be approved for listing on the NYSE and the TSX prior to the Effective Date;

(j) TransAlta will use its reasonable commercial efforts to maintain the listing of the TransAlta Shares on the TSX;

(k) TransAlta will use its reasonable commercial efforts to continue to maintain its status as a "reporting issuer" (or similar designation) not in default under the securities legislation in force in each of the provinces of Canada; and

(l) TransAlta shall cause all of the Renewables Shares it holds, directly or indirectly, as of the date of this Agreement to be voted in favour of approving the Arrangement Resolution, and, from and after the date hereof until the Effective Time, it shall not sell, transfer or otherwise dispose of its Renewables Shares.

3.2 Covenants of Renewables

From the date hereof until the earlier of the completion of the Arrangement and the termination of this Agreement in accordance with Article 8, except with the prior written consent of TransAlta, which consent shall not be unreasonably withheld, and except as otherwise expressly permitted or specifically contemplated by this Agreement, disclosed in writing to the Other Party, disclosed in the Renewables Public Record prior to the date hereof or as required by Applicable Laws:

(a) Renewables shall conduct its business only in the Ordinary Course (subject to compliance with applicable health guidelines related to the COVID-19 pandemic);

(b) except in furtherance of the transactions contemplated in this Agreement or as expressly permitted by this Agreement, Renewables shall not, directly or indirectly, do or permit to occur any of the following:

(i) amend its constating documents;

(ii) issue, grant, sell or pledge or agree to issue, grant, sell or pledge any Renewables Shares, or securities convertible into or exchangeable or exercisable for, or otherwise evidencing a right to acquire, Renewables Shares;

(iii) redeem, purchase or otherwise acquire any of the outstanding Renewables Shares or other securities, including under any normal course issuer bid;

(iv) split, combine or reclassify any of its securities;

(v) declare any dividends or other distributions on the Renewables Shares other than monthly dividends in the Ordinary Course;

(vi) adopt a plan of liquidation or resolutions providing for the liquidation, dissolution, merger, consolidation or reorganization of Renewables;

(vii) pursue, complete or agree to complete any corporate acquisition or disposition, amalgamation, merger, arrangement, make any investment therein either by purchase of shares or securities, contributions of capital or property transfer or make any material change to the business, capital or affairs of Renewables;

(viii) take any action, refrain from taking any commercially reasonable action, permit any action to be taken or not taken by it or any of its subsidiaries, which is inconsistent with this Agreement or which would reasonably be expected to prevent, materially delay or otherwise impede the consummation of the Arrangement;

(ix) enter into or modify any contract, agreement, commitment or arrangement with respect to any of the foregoing; or

(x) make any changes to its existing accounting policies other than as required by Applicable Laws or IFRS;

(c) Renewables shall use its reasonable commercial efforts to cause its current insurance (or reinsurance) policies not to be cancelled or terminated or any of the coverage thereunder to lapse, unless simultaneously with such termination, cancellation or lapse, replacement policies underwritten by insurance or re-insurance companies of nationally recognized standing providing coverage substantially similar to the coverage under the cancelled, terminated or lapsed policies for substantially similar premiums are in full force and effect and shall pay all premiums in respect of such insurance policies that become due prior to the Effective Date;

(d) subject to Section 3.4 hereof, Renewables shall not take any action or refrain from taking any action that would render, or may reasonably be expected to render, any representation or warranty made by Renewables in this Agreement untrue in any material respect at any time prior to completion of the Arrangement or termination of this Agreement, whichever first occurs;

(e) Renewables shall promptly notify TransAlta in writing of any Material Adverse Change of Renewables, and Renewables shall in good faith discuss with TransAlta any change in circumstances (actual, anticipated or contemplated) which is of such a nature that there may be a reasonable question as to whether notice needs to be given to TransAlta pursuant to this provision;

(f) Renewables will use its reasonable commercial efforts to satisfy or cause the satisfaction of the conditions set forth in Sections 5.1 and 5.2 and to take all steps set forth in the Interim Order and Final Order applicable to it as soon as reasonably practicable;

(g) Renewables shall ensure that it has available funds to make, within the time periods contemplated herein, the payment of the amount which may be required by Section 6.1 having regard to its other liabilities and obligations, and shall take all such actions as may

be necessary to ensure that it maintains such availability to ensure that it is able to pay such amount when required;

(h) Renewables will use its reasonable commercial efforts to obtain all necessary consents, approvals, authorizations and filings as are required to be obtained or made by Renewables under any Applicable Laws and to satisfy any condition provided for under this Agreement and shall make all necessary filings and applications under Applicable Canadian Securities Laws and Applicable U.S. Securities Laws required to be made on the part of Renewables in connection with the transactions contemplated herein and shall take all reasonable action necessary to be in compliance with such laws;

(i) Renewables will use its reasonable commercial efforts to maintain the listing of the Renewables Shares on the TSX;

(j) Renewables will use its reasonable commercial efforts to continue to maintain its status as a "reporting issuer" (or similar designation) not in default under the securities legislation in force in each of the provinces of Canada;

(k) Renewables shall indemnify and save harmless TransAlta and the directors, officers and agents of TransAlta from and against any and all liabilities, claims, demands, losses, costs, damages and expenses (excluding any loss of profits or consequential damages) to which TransAlta, or any director, officer or agent thereof, may be subject or which TransAlta, or any director, officer or agent thereof, may suffer, whether under the provisions of any Applicable Law or otherwise, in any way caused by, or arising, directly or indirectly, from or in consequence of:

(i) any misrepresentation by Renewables in the Circular;

(ii) any order made or any inquiry, investigation or proceeding by any Securities Authority or other competent authority based upon any misrepresentation or any alleged misrepresentation by Renewables in the Circular, which prevents or restricts trading in the Renewables Shares; or

(iii) Renewables not complying with any requirement of Applicable Laws in connection with the transactions contemplated in this Agreement,

except that Renewables shall not be liable in any such case to the extent that any such liabilities, claims, demands, losses, costs, damages and expenses arise out of or are based upon any misrepresentation or any alleged misrepresentation in the Circular contained in the TransAlta Information, the negligence of TransAlta or the non-compliance by TransAlta with any requirement of Applicable Laws in connection with the transactions contemplated by this Agreement;

(l) except for proxies and other non-substantive communications with the holders of Renewables Shares, and communications that Renewables is required to keep confidential pursuant to Applicable Laws, Renewables shall furnish promptly to TransAlta or TransAlta's counsel a copy of each notice, communication, report, schedule or other document delivered, filed or received by Renewables from holders of Renewables Shares or Governmental Authorities in connection with: (i) the Arrangement; (ii) the Renewables Meeting; (iii) any filings under Applicable Laws that pertain to the Arrangement; (iv) any dealings with any Governmental Authorities in connection with the transactions

contemplated by this Agreement; and (v) any notice or other communication from any Person alleging that the consent (or waiver, permit, exemption, order, approval, agreement, amendment or confirmation) of such Person (or another Person) is or may be required in connection with this Agreement or the Arrangement;

(m) Renewables will ensure that all material filed with the Court in connection with the Arrangement is consistent in all material respects with the terms of this Agreement and the Plan of Arrangement; and

(n) Renewables shall, on an as received basis, promptly advise TransAlta of the number of Renewables Shares for which Renewables receives notices of dissent or written objections to the Arrangement or notices to appear in connection with the application for the Final Order and provide TransAlta with copies of such notices and written objections.

3.3 Mutual Covenants Regarding the Arrangement

From the date hereof until the earlier of the completion of the Arrangement and the termination of this Agreement in accordance with Article 8, each Party shall:

(a) use its reasonable commercial efforts to complete the Arrangement on October 5, 2023 or as soon thereafter as reasonably practicable and, in any event, by no later than the Outside Date;

(b) use its reasonable commercial efforts to satisfy (or cause the satisfaction of) the conditions precedent to its obligations hereunder and to take, or cause to be taken, all other actions and to do, or cause to be done, all other things necessary, proper or advisable under Applicable Laws to complete the Arrangement, including using its reasonable commercial efforts to:

(i) obtain all necessary waivers, consents and approvals required to be obtained by it from other parties to loan agreements, leases and other contracts;

(ii) obtain all necessary exemptions, consents, assignments, waivers and amendments to or terminations of any instruments and take such measures as may be appropriate to fulfill its obligations hereunder and to carry out the transactions contemplated by this Agreement;

(iii) upon reasonable consultation with the Other Party, oppose, lift or rescind any injunction, restraining or other order, decree or ruling seeking to restrain, enjoin or otherwise prohibit or adversely affect the consummation of the Arrangement; and

(iv) fulfill all conditions and satisfy all provisions of this Agreement and this Arrangement;

(c) use its commercially reasonable efforts to obtain all Regulatory Approvals in accordance with Section 2.8 and all other necessary waivers, consents and approvals required to be obtained by it in connection with the Arrangement from Governmental Authorities and effect all necessary registrations and filings and the submission of all information requested by Governmental Authorities required to be effected by it in connection with the Arrangement;

(d) cooperate with each other in taking, or causing to be taken, all actions necessary to delist the Renewables Shares from the TSX in accordance with the policies and procedures of the TSX following completion of the steps set out in the Plan of Arrangement; provided, however, that such delisting will not be effective until after the Effective Time;

(e) in connection with the AUC Approval:

(i) TransAlta and Renewables shall as promptly as reasonably practicable duly file with the AUC a request for the AUC Approval and supply the AUC with such additional information as the AUC may request. TransAlta shall have the primary responsibility for the preparation and submission of the requests for the AUC Approval. TransAlta and Renewables shall respond as promptly as reasonably practicable under the circumstances to any inquiries received from the AUC for additional information or documentation and to all inquiries and requests received from the AUC; and

(ii) the Parties shall coordinate and cooperate in exchanging information and supplying assistance that is reasonably requested in connection with Subsection 3.3(e)(i) above, including providing each other with advance copies and reasonable opportunities to comment on all filings made with the AUC and any additional or supplementary information supplied pursuant thereto in respect of the PUA (except for information which TransAlta or Renewables, in each case acting reasonably, consider highly confidential and sensitive which may be provided on a confidential and privileged basis to outside counsel of the Other Party), and all notices and correspondence received from the AUC with respect to any filings under the PUA;

(f) use its reasonable commercial efforts to cooperate with the Other Party in connection with the performance by the Other Party of their obligations under this Section 3.3 including, without limitation, to provide the Other Party with a reasonable opportunity to review and comment on all filings and material correspondence with and to Governmental Authorities and to promptly provide final copies thereof to the Other Party once filed or given, to promptly provide the Other Party with all approvals and material notices and correspondence received from Governmental Authorities, and to maintain ongoing communications as between representatives of the Parties in respect of the Regulatory Approvals, subject in all cases to the Confidentiality Agreement; and

(g) cooperate with each other in the preparation of the Circular and provide to the Other Party, in a timely and expeditious manner, the Renewables Information and the TransAlta Information, as applicable, for inclusion in the Circular, and any amendments or supplements thereto, in each case complying in all material respects with all Applicable Laws on the date of issue thereof and not containing any misrepresentation, and each Party shall provide the Other Party and its Representatives with a reasonable opportunity to review and comment on the Renewables Information or the TransAlta Information, as applicable, and any other relevant documentation and reasonable consideration shall be given to any comments made by the Other Party on the Circular.

3.4 Additional Covenant of Renewables Regarding Non-Solicitation

(a) Renewables shall immediately cease and cause to be terminated all solicitations, discussions and negotiations (including, without limitation, through any of its officers,

directors, advisors (including investment bankers or any other financial advisors), employees, accountants, agents and all other representatives (collectively, the "**Representatives**")), if any, with any third parties other than TransAlta, with respect to any actual or potential Acquisition Proposal. Renewables shall immediately discontinue, and shall cause its Representatives to discontinue, access to any of its confidential information and not allow or establish access to any of its confidential information, or any data room, virtual or otherwise and pursuant to and in accordance with each applicable confidentiality agreement, shall promptly request the return or destruction of all confidential information regarding Renewables provided to any third party in connection with any potential or actual Acquisition Proposal to the extent that such information has not previously been returned or destroyed, and shall use all commercially reasonable efforts to ensure that such requests are honored in accordance with the terms of any confidentiality agreement governing such information. Renewables agrees that it shall not terminate, waive, release, amend, modify or otherwise forbear from the enforcement of, and agrees to take all commercially reasonable actions to actively prosecute and enforce, any agreement containing standstill or comparable provisions and any provision of any existing confidentiality agreement or any standstill agreement to which it is a party (it being acknowledged by TransAlta that the automatic termination or release of any standstill restrictions or comparable provisions of any such agreements as a result of entering into and announcing this Agreement shall not be a violation of this Subsection 3.4(a)).

(b) Except as expressly provided for in this Section 3.4, Renewables shall not, directly or indirectly, do or authorize or permit any of its Representatives to do, any of the following:

(i) solicit, initiate, encourage or facilitate or take any action whatsoever to solicit, initiate, encourage or facilitate any inquiries, proposals or offers, whether publicly or otherwise, regarding an actual or potential Acquisition Proposal;

(ii) withdraw, amend, modify or qualify, or propose publicly to withdraw, amend, modify or qualify, in any manner adverse to TransAlta, the approval of the Arrangement by the Renewables Board or the recommendation of the Renewables Board that the Renewables Shareholders vote in favour of the Arrangement Resolution at the Renewables Meeting;

(iii) make any public announcement or take any other action inconsistent with the recommendation of the Renewables Board;

(iv) initiate, encourage or otherwise engage or participate in any negotiations or discussions with any other Person regarding an actual or potential Acquisition Proposal, or furnish information or provide access to any other Person any information with respect to Renewables' securities, business, properties, operations or condition (financial or otherwise) in connection with, or in furtherance of, an actual or potential Acquisition Proposal or otherwise cooperate in any way with, or assist or participate in, facilitate or encourage, any effort or attempt of any other Person to do or seek to do any of the foregoing;

(v) accept, recommend, approve, agree to endorse or publicly propose to accept, recommend, approve, agree to endorse or enter into an agreement to implement any Acquisition Proposal, or take no position or remain neutral with respect to any Acquisition Proposal or otherwise take any action that could reasonably be expected to lead to an Acquisition Proposal; or

(vi) accept, recommend, approve, agree to endorse or publicly propose to accept, recommend, approve, agree to endorse or enter into an agreement, understanding or arrangement (including any letter of intent or agreement in principle) in respect of any Acquisition Proposal or any proposal or offer that could be expected to lead to an Acquisition Proposal,

provided, however, that notwithstanding any other provision hereof but subject to Subsection 3.4(d), Renewables and its Representatives may, prior to Renewables obtaining the approval of the Arrangement Resolution by Renewables Shareholders at the Renewables Meeting, enter into or participate in any discussions or negotiations with, or furnish information or provide access to, any Person in response to an Acquisition Proposal by such Person if and only to the extent that:

(vii) such Acquisition Proposal is an unsolicited *bona fide* written Acquisition Proposal received by Renewables from such Person other than as a result from a breach of this Section 3.4 and the Renewables Board has determined, in good faith, after consultation with the Renewables Financial Advisors and outside legal counsel, that such Acquisition Proposal, if completed in accordance with its terms, would constitute or could reasonably be expected to constitute a Superior Proposal; and

(viii) (A) Renewables shall have complied with and continues to be in compliance with all other requirements of this Section 3.4 and the Person making the Acquisition Proposal shall not have been restricted from making such Acquisition Proposal pursuant to existing confidentiality, non-disclosure or standstill agreement or similar restriction; (B) the Renewables Board, after consultations with the Renewables Financial Advisors and outside legal counsel as reflected in the minutes of the meetings of the Renewables Board, determines in good faith that failure to take such action would be inconsistent with its fiduciary duties under Applicable Laws; and (C) prior to providing any information or data to such Person in connection with such Acquisition Proposal: (1) Renewables notifies TransAlta of the determination by the Renewables Board that such Acquisition Proposal constitutes or would reasonably be expected to constitute a Superior Proposal; and (2) the Renewables Board receives from such Person an executed confidentiality agreement that contains confidentiality provisions that are no less favourable to Renewables than those contained in the Confidentiality Agreement and that prohibit such Person from acquiring, directly or indirectly, any securities of Renewables or any rights or options to acquire securities of Renewables for a period of 12 months following the date of such confidentiality agreement, and TransAlta is provided promptly with a copy of such confidentiality agreement (provided that such confidentiality agreement may not grant such Person the exclusive right to negotiate with Renewables, may not restrict Renewables from complying with this Section 3.4 and shall provide for disclosure together with all information provided thereunder to be provided to TransAlta) and any information that was provided to such Person which was not previously provided to the TransAlta.

(c) If, after the date hereof, Renewables or its Representatives is in receipt of any proposal, inquiry or offer (or any amendment thereto) constituting an Acquisition Proposal or any request (which request may reasonably considered to be in furtherance of, or in relation to, an Acquisition Proposal) for non-public information relating to Renewables or its properties, facilities, books or records in connection with any proposal, inquiry or offer (or

any amendment thereto) that constitutes or would reasonably be expected to constitute or lead to an Acquisition Proposal, Renewables shall promptly (and in any event within 24 hours of receipt by Renewables) notify TransAlta, first orally and then in writing, of such Acquisition Proposal, or any amendments to the foregoing. Renewables shall provide to TransAlta a copy of such Acquisition Proposal (and any amendment thereto) or any request (which request may reasonably considered to be in furtherance of, or in relation to, an Acquisition Proposal) for non-public information relating to Renewables or its properties, facilities, books or records or, if no written Acquisition Proposal has been received, a description of the material terms and conditions of, and the identity of the Person making any such Acquisition Proposal together with such other details of the Acquisition Proposal or request for material information as TransAlta may reasonably request (to the extent known by Renewables). Renewables shall keep TransAlta regularly and promptly informed of the status of and any change to the material terms of any Acquisition Proposal, request or amendment thereto, in writing and shall provide to TransAlta copies of all material or substantive correspondence with respect to such Acquisition Proposal or proposal, inquiry, offer or request if in writing or electronic form, and if not in writing or electronic form, a description of the material terms of such correspondence.

(d) Renewables shall not accept, approve or recommend, nor enter into any agreement in respect of an Acquisition Proposal (other than a confidentiality agreement permitted by this Section 3.4), unless:

(i) the Acquisition Proposal constitutes a Superior Proposal and the Person making the Acquisition Proposal shall not have been restricted from making such Acquisition Proposal pursuant to an existing confidentiality, non-disclosure or standstill agreement or similar restriction;

(ii) Renewables has complied with and continues to be in compliance with its obligations in this Section 3.4;

(iii) Renewables has provided TransAlta with: (A) notice in writing that the Renewables Board, after consultation with the Renewables Financial Advisors and external legal counsel as reflected in the minutes of the meeting of the Renewables Board, has determined that the Acquisition Proposal constitutes a Superior Proposal and has accepted, approved or recommended, or entered into such agreement relating to, the Acquisition Proposal; (B) copies of the proposed definitive agreement for the Superior Proposal and any confidentiality and standstill agreement between Renewables and the Person making the Superior Proposal, if not previously delivered, as well as all supporting materials, including any financing documents supplied to Renewables or its Representatives in connection therewith; and (C) written notice regarding the value and financial terms that the Renewables Board, in consultation with the Renewables Financial Advisors, has determined should be ascribed to any non-cash consideration offered under such Superior Proposal, in each case, at least five Business Days prior to the time at which the Renewables Board proposes to accept, approve, recommend or enter into any agreement relating to such Superior Proposal;

(iv) five Business Days shall have elapsed from the later of the date TransAlta received the notice, documentation and other materials referred to in Subsection 3.4(d)(iii) from Renewables in respect of the Acquisition Proposal and the date on which

TransAlta received notice of Renewables' proposed determination to accept, approve, recommend or to enter into any agreement relating to such Superior Proposal, and, if TransAlta has proposed to amend the terms of the transactions contemplated in this Agreement and the Arrangement in accordance with Subsection 3.4(e), the Renewables Board (after receiving advice from the Renewables Financial Advisors and outside legal counsel) shall have determined in good faith that the Acquisition Proposal is a Superior Proposal compared to the proposed amendment to the terms of this Agreement and the Arrangement proposed by TransAlta;

(v) Renewables concurrently terminates this Agreement pursuant to Subsection 8.2(d)(ii); and

(vi) Renewables has previously paid, or concurrently pays, to TransAlta the TransAlta Damages Fee.

(e) During the period(s) referred to in Subsection 3.4(d)(iii) and Subsection 3.4(d)(iv), TransAlta shall have the opportunity, but not the obligation, to propose to amend the terms of the transactions contemplated in this Agreement and the Arrangement and Renewables shall, and shall cause its counsel and other advisors to, co-operate with TransAlta with respect thereto, including negotiating with TransAlta and its counsel and other advisors to enable TransAlta to propose such adjustments to the terms and conditions of this Agreement and the Arrangement as TransAlta deems appropriate and as would enable Renewables to proceed with the Arrangement and the transactions contemplated in this Agreement on such adjusted terms. The Renewables Board shall review any proposal by TransAlta to amend the terms of the transactions contemplated in this Agreement and the Arrangement in order to determine, in good faith in the exercise of its fiduciary duties, whether TransAlta's proposal to amend the transactions contemplated by this Agreement and the Arrangement would result in the Acquisition Proposal not being a Superior Proposal compared to the proposed amendment to the transactions contemplated by this Agreement and the Arrangement. In the event that TransAlta proposes to amend the terms of the transactions contemplated in this Agreement and the Arrangement such that the Acquisition Proposal would not result in a transaction more favourable to the Renewables Shareholders from a financial point of view, than the Arrangement as so amended, as determined by the Renewables Board in good faith (after receiving advice from the Renewables Financial Advisors and outside legal counsel) and TransAlta advises the Renewables Board of such proposed amendment within five Business Days of receiving notice of such Superior Proposal, the Renewables Board shall not: (i) accept, recommend, approve or enter into any agreement to implement such Superior Proposal; or (ii) withdraw, modify or change its recommendation in respect of the Arrangement. For greater certainty, each successive amendment to an Acquisition Proposal shall constitute a new Acquisition Proposal for the purposes of this Section 3.4 and shall initiate a new five Business Day match right period.

(f) TransAlta agrees that all information that may be provided to it by Renewables with respect to any Superior Proposal pursuant to this Section 3.4 shall be treated as if it were "Confidential Information" as that term is defined in the Confidentiality Agreement and shall not be disclosed or used except in accordance with the provisions of the Confidentiality Agreement in order to enforce its rights under this Agreement in legal proceedings.

(g) If required by TransAlta, Renewables shall reaffirm its recommendation of the approval of the Arrangement by press release promptly in the event that:

(i) any Acquisition Proposal is publicly announced unless such Acquisition Proposal constitutes a Superior Proposal and Renewables otherwise complies with Subsections 3.4(d) and (e) in respect thereof; or

(ii) the Parties have entered into an amended agreement pursuant to Subsection 3.4(e) which results in any Acquisition Proposal not being a Superior Proposal.

TransAlta and its counsel shall be given a reasonable opportunity to review and comment on the form and content of any such press release. Such press release shall state that the Renewables Board has determined that the Acquisition Proposal is not a Superior Proposal and shall reaffirm the approvals, determinations and recommendations of the Renewables Board in respect of this Agreement and the Arrangement.

(h) If Renewables provides the notice contemplated by Subsection 3.4(d)(iii) on a date which is less than five Business Days prior to the Renewables Meeting, TransAlta shall be entitled to require Renewables to adjourn or postpone the Renewables Meeting to a date that is not more than seven Business Days following the date after Renewables has complied with its obligations under Subsection 3.4(b)(viii)(B).

(i) Neither Renewables nor the Renewables Board shall withdraw, or qualify, amend or modify in a manner adverse to TransAlta, the approval or recommendation of the Arrangement by the Renewables Board, except if such withdrawal, qualification, amendment or modification occurs simultaneously with the entry by Renewables, in accordance with the requirements of Subsection 3.4(d) and Subsection 3.4(e), into a definitive agreement with respect to an Acquisition Proposal constituting a Superior Proposal.

(j) Nothing contained in this Agreement shall prevent the Renewables Board from complying with division 3 of National Instrument 62-104, *Takeover Bids and Issuer Bids* and similar provisions under Applicable Laws relating to the provision of directors' circulars and making appropriate disclosure to its securityholders.

(k) Renewables shall ensure that its Representatives are aware of the provisions of this Section 3.4, and any violation of or the taking of any action which is inconsistent with any of the restrictions set forth in this Section 3.4 by any Representative shall be deemed to constitute a breach of this Section 3.4 by its Representatives.

3.5 Access to Information

(a) From and after the date hereof until the earlier of the Effective Time or the termination of this Agreement, each of Renewables and TransAlta shall, subject to compliance with Applicable Laws and the terms of any contracts, upon reasonable prior notice, provide the Other Party and its Representatives access, during normal business hours, to its premises, books, contracts, records, computer systems, properties, employees and management personnel and will use its reasonable commercial efforts to furnish to such Other Party such information concerning its business, properties and personnel as may

be reasonably required in connection with such Party's ongoing due diligence review of the Other Party.

(b) Each of Renewables and TransAlta agrees to:

(i) give the legal and professional representatives and agents of the Other Party reasonable access during normal business hours to its books, records and documents as such Other Party may reasonably request, provided that the disclosing Party is satisfied, acting reasonably, that the confidentiality of the subject matter of the disclosure can be maintained in accordance herewith; and

(ii) endeavour to include in the information furnished to such Other Party information which would reasonably be considered to be relevant for the purposes of that Party's investigation and not knowingly withhold any information which would make anything contained in the information delivered erroneous or misleading.

(c) The Parties acknowledge and agree that all information provided by Renewables to TransAlta or by TransAlta to Renewables pursuant to this Section 3.5 shall remain subject to the provisions of the Confidentiality Agreement.

(d) Nothing in the foregoing shall require Renewables or TransAlta to disclose information which it is prohibited from disclosing pursuant to a written confidentiality agreement or confidentiality provision of an agreement with a third party or information which, in the opinion of Renewables or TransAlta, as applicable, acting reasonably, is competitively sensitive (provided that each of Renewables and TransAlta's external counsel may have access to such information on a privileged and confidential basis in connection with obtaining the AUC Approval).

ARTICLE 4
REPRESENTATIONS AND WARRANTIES

4.1 Representations and Warranties of TransAlta

TransAlta hereby makes the representations and warranties set forth in this Section 4.1 to and in favour of Renewables and acknowledges that Renewables is relying upon such representations and warranties in connection with the matters contemplated by this Agreement.

(a) TransAlta and each of its subsidiaries is a corporation, partnership or limited partnership duly organized and validly subsisting under the Applicable Laws of its jurisdiction of formation and TransAlta and each of its subsidiaries has, or through one or more of its partners or managing members has, the requisite power and authority to carry on its business as it is now being conducted and to own, lease and operate its properties and assets.

(b) TransAlta and each of its subsidiaries is duly registered to do business and is in good standing in each jurisdiction in which the character of its properties, owned, leased, operated, licensed or otherwise held, or the nature of its activities make such registration necessary under Applicable Laws, except where the failure to be so registered or in good standing would not, individually or in the aggregate, have a Material Adverse Effect on TransAlta.

(c) TransAlta has the requisite corporate power and authority to enter into this Agreement and the Renewables Lock-up Agreements and to carry out its obligations hereunder and thereunder. The execution and delivery of this Agreement and the Renewables Lock-up Agreements and the consummation by TransAlta of the transactions contemplated by this Agreement have been duly authorized by the TransAlta Board and no other corporate proceedings on the part of TransAlta or any vote of holders of TransAlta Shares are or shall be necessary to approve this Agreement and consummate the transactions contemplated hereby. This Agreement and the Renewables Lock-up Agreements have been duly executed and delivered by TransAlta and constitute a legal, valid and binding obligation of TransAlta enforceable against TransAlta in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other Applicable Laws relating to or affecting creditors' rights generally and to general principles of equity.

(d) TransAlta has reserved and allotted or will reserve and allot prior to the Effective Time, and will have taken all necessary action to permit it to issue, a sufficient number of TransAlta Shares as are issuable pursuant to this Arrangement, and, subject to the terms and conditions of the Arrangement, such TransAlta Shares, when issued, will be validly issued as fully paid and non-assessable pursuant to the Arrangement and no Person will have any pre-emptive right of subscription or purchase in respect thereof.

(e) Subject to the issuance of the Interim Order and Final Order by the Court and receipt of Regulatory Approvals, neither the execution and delivery of this Agreement by TransAlta, the consummation by TransAlta of the Arrangement nor compliance by TransAlta with any of the provisions hereof will:

(i) except as previously disclosed in writing to Renewables, require any consent or other actions by any Person under, constitute a default, or an event that, with or without notice or lapse of time or both, would constitute a default under, or cause or permit the termination, cancellation, acceleration or other change of any right or obligation or the loss of any benefit to which TransAlta or any of its subsidiaries is entitled under any provision of any material contract or any material Authorization to which TransAlta or any of its subsidiaries is a party or by which TransAlta or any of its subsidiaries is bound;

(ii) result in the creation or imposition of any Lien upon any of the properties or assets of TransAlta or its subsidiaries;

(iii) contravene, conflict with, or result in any violation or breach of the articles, bylaws or other constating documents of TransAlta or any of its subsidiaries; or

(iv) violate any judgment, ruling, order, writ, injunction, determination, award, decree, statute, ordinance, rule, regulation or Applicable Law applicable to TransAlta or any of its subsidiaries,

except, in the case of clauses (i), (ii), and (iv), as would not be reasonably expected to have, individually or in the aggregate, a Material Adverse Effect on TransAlta.

(f) The execution, delivery and performance by TransAlta of its obligations under this Agreement and the consummation of the Arrangement do not require any Authorization or other action by or in respect of, or filing with, or notification to, any Governmental

Authority by TransAlta other than: (i) the Interim Order and any approvals required by the Interim Order; (ii) the Final Order; (iii) filings with the Securities Authorities; (iv) the Regulatory Approvals; and (v) any Authorizations which, if not obtained, or any other actions by or in respect of, or filings with, or notifications to, any Governmental Authority which, if not taken or made, would not, individually or in the aggregate, be reasonably expected to have a Material Adverse Effect on TransAlta.

(g) Other than in connection with or in compliance with the provisions of Applicable Laws in relation to the completion of the Arrangement including receipt of Regulatory Approvals or which are required to be fulfilled post-Arrangement, there is no legal impediment to TransAlta's consummation of the transactions contemplated by this Agreement.

(h) TransAlta has sufficient funds available to pay the aggregate Renewables Cash Consideration, as adjusted pursuant to the terms hereof.

(i) Except as disclosed in the TransAlta Public Record, since December 31, 2022:

(i) there has not been any Material Adverse Change respecting TransAlta and its subsidiaries, taken as a whole;

(ii) TransAlta and each of its subsidiaries has conducted its business only in the Ordinary Course and in accordance with Applicable Laws, except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect; and

(iii) neither TransAlta nor any of its subsidiaries has incurred or suffered to exist any liability or obligation of any nature (whether absolute, accrued, contingent or otherwise), whether or not such liabilities would be required by IFRS to be reflected on a balance sheet of TransAlta and its subsidiaries, taken as a whole, except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(j) The TransAlta Financial Statements fairly present, in accordance with IFRS, consistently applied, the consolidated financial position and condition of TransAlta and its subsidiaries at the dates thereof and the results of the operations of TransAlta for the periods then ended and reflect, in accordance with IFRS, consistently applied, all material assets, liabilities or obligations (absolute, accrued, contingent or otherwise) of TransAlta and its subsidiaries on a consolidated basis, as at the dates thereof.

(k) No Securities Authority, other competent authority or stock exchange in Canada or the United States has issued any order which is currently outstanding preventing or suspending trading in any securities of TransAlta, no such proceeding is, to the knowledge of TransAlta, pending, contemplated or threatened and TransAlta is not, to its knowledge, in default of any material requirement of any Applicable Laws.

(l) There are no Proceedings pending or, to the knowledge of TransAlta, threatened, against TransAlta, any of its subsidiaries or any of their respective properties or assets, except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on TransAlta.

(m) TransAlta is a "reporting issuer" in each of the provinces of Canada and is in material compliance with all Applicable Canadian Securities Laws therein and the TransAlta Shares are listed and posted for trading on the TSX. The TransAlta Shares are registered pursuant to section 12(b) of the U.S. Exchange Act, and TransAlta is in compliance in all material respects with its obligations thereunder. The TransAlta Shares are listed and posted for trading on the NYSE. TransAlta is not in material default of any material requirements of any Applicable Canadian Securities Laws, Applicable U.S. Securities Laws or any rules or regulations of, or agreement with, the TSX or the NYSE. No delisting, suspension of trading in or cease trading order with respect to the TransAlta Shares is pending or, to the knowledge of TransAlta, threatened. To the knowledge of TransAlta, none of its officers or directors are subject to an order or ruling of any securities regulatory authority or stock exchange prohibiting such individual from acting as a director or officer of a public entity or of an entity listed on a particular stock exchange. The documents and information comprising the TransAlta Public Record did not at the respective times they were filed with the relevant Securities Authorities, contain any misrepresentation, unless such document or information was subsequently corrected or superseded in the TransAlta Public Record prior to the date hereof. TransAlta has not filed any confidential material change report that, as of the date hereof, remains confidential.

(n) To the knowledge of TransAlta, no "related party" of TransAlta (within the meaning of MI 61-101) will receive a "collateral benefit" (within the meaning of MI 61-101) as a consequence of the transactions contemplated by this Agreement or pursuant to any "connected transaction" (within the meaning of MI 61-101).

(o) TransAlta is a taxable Canadian corporation for the purposes of the Tax Act and is not a non-resident of Canada for the purposes of the Tax Act.

(p) As of the date of this Agreement, the authorized capital of TransAlta consists of an unlimited number of TransAlta Shares and an unlimited number of first preferred shares issuable in series ("**Preferred Shares**").

(q) As of the date of this Agreement, there are issued and outstanding: (i) 263,376,588 TransAlta Shares; (ii) 9,629,913 Series A Preferred Shares; (iii) 2,370,087 Series B Preferred Shares; (iv) 9,955,701 Series C Preferred Shares; (v) 1,044,299 Series D Preferred Shares; (vi) 9,000,000 Series E Preferred Shares; (vii) 6,600,000 Series G Preferred Shares; and (viii) 400,000 Redeemable Shares.

(r) Except for the TransAlta Shares, the Preferred Shares and the Redeemable Shares described in Subsection 4.1(q), there are currently no other shares of any class or series in the capital of TransAlta outstanding. Except for: (i) 2,743,723 options to purchase TransAlta Shares ("**Options**") issued and outstanding pursuant to TransAlta's stock option plan as amended and approved April 2010, and as further amended and restated effective January 2017, effective March 2020 and effective March 2021; (ii) 1,749,070 performance share units issued and outstanding under the Share Unit Plan ("**PSUs**"); (iii) 2,456,639 restricted share units issued under the Share Unit Plan ("**RSUs**"); (iv) the TransAlta Shareholder Rights Plan and the rights issued thereunder in respect of each issued and outstanding TransAlta Share (the "**TransAlta SRPs**"), there are no options, warrants, convertible securities or other rights, shareholder rights plans, agreements or commitments of any character whatsoever (pre-emptive, contingent or otherwise) requiring or which may require the issuance, sale or transfer by TransAlta of any securities of TransAlta (including TransAlta Shares) or any securities convertible into, or

exchangeable or exercisable for, or otherwise evidencing a right to subscribe for or acquire, any securities of or other equity or voting interests in TransAlta (including TransAlta Shares).

(s) All outstanding TransAlta Shares have been duly authorized and validly issued, are fully paid and non-assessable. All of the TransAlta Shares issuable pursuant to the Options, the PSUs, the RSUs and the TransAlta SRPs described in Subsection 4.1(r) have been, or will be, duly authorized and, upon issuance in accordance with their respective terms, will be validly issued as fully paid and non-assessable and are not and will not be subject to or issued in violation of, any pre-emptive rights. Other than the TransAlta Shares, there are no securities of TransAlta outstanding which have the right to vote generally with TransAlta shareholders on any matter.

(t) TransAlta and its subsidiaries have good title to all material property of any kind or nature which TransAlta or any of its subsidiaries purport to own ("**Material Owned TransAlta Assets**"), free and clear of all Liens (other than Liens as are addressed in any governmental registry or arising in the Ordinary Course), except as would not, individually or in the aggregate, have a Material Adverse Effect. TransAlta and its subsidiaries, as lessees, have the right under valid and subsisting leases to use, possess and control all personal property leased by and material to TransAlta or any of its subsidiaries as used, possessed and controlled by TransAlta or its subsidiaries, as applicable, except as would not, individually or in the aggregate, have a Material Adverse Effect (the "**Material Leased TransAlta Assets**"). Except as disclosed in the TransAlta Public Record, the Material Owned TransAlta Assets and the Material Leased TransAlta Assets have been properly maintained in all material respects in accordance with good industry operating practice and are in good working order, subject to ordinary wear and tear for equipment of comparable age, for the continued conduct of the business of TransAlta and its subsidiaries in the manner in which it is currently conducted.

(u) The TransAlta Information shall, as of the respective dates of such information, be true and complete in all material respects and shall not contain any misrepresentation or omit to state any material fact required to be stated.

4.2 Representations and Warranties of Renewables

Renewables hereby makes the representations and warranties set forth in this Section 4.2 to and in favour of TransAlta and acknowledges that TransAlta is relying upon such representations and warranties in connection with the matters contemplated by this Agreement.

(a) Each of Renewables and its subsidiaries is a corporation, a partnership or a limited partnership duly organized and validly subsisting under the Applicable Laws of its jurisdiction of formation and Renewables has, or through one or more of its partners has, the requisite power and authority to carry on its business as it is now being conducted and to own, lease and operate its properties and assets.

(b) Each of Renewables and its subsidiaries is duly registered to do business and is in good standing in each jurisdiction in which the character of its properties, owned, leased, operated, licensed or otherwise held, or the nature of its activities make such registration necessary under Applicable Laws, except where the failure to be so registered or in good standing would not, individually or in the aggregate, have a Material Adverse Effect on Renewables and its subsidiaries, taken as a whole.

(c) Renewables has the requisite corporate power and authority to enter into this Agreement and to carry out its obligations hereunder. The execution and delivery of this Agreement and the consummation by Renewables of the transactions contemplated by this Agreement have been duly authorized by the Renewables Board and, other than approval by the Renewables Shareholders of the Arrangement Resolution in the manner required by the Interim Order and Applicable Law and approval by the Court, no other corporate proceedings on the part of Renewables are or shall be necessary to consummate the transactions contemplated by this Agreement. This Agreement has been duly executed and delivered by Renewables and constitutes a legal, valid and binding obligation of Renewables enforceable against Renewables in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other Applicable Laws relating to or affecting creditors' rights generally and to general principles of equity.

(d) Subject to the approval of the Renewables Shareholders of the Arrangement Resolution, the issuance of the Interim Order and the Final Order by the Court and receipt of Regulatory Approvals, neither the execution and delivery of this Agreement by Renewables, the consummation by Renewables of the Arrangement nor compliance by Renewables with any of the provisions hereof will:

(i) except as previously disclosed in writing to TransAlta, require any consent or other actions by any Person under, constitute a default, or an event that, with or without notice or lapse of time or both, would constitute a default under, or cause or permit the termination, cancellation, acceleration or other change of any right or obligation or the loss of any benefit to which Renewables or any of its subsidiaries is entitled under any provision of any material contract or any material Authorization to which Renewables or any of its subsidiaries is a party or by which Renewables or any of its subsidiaries is bound;

(ii) result in the creation or imposition of any Lien upon any of the properties or assets of Renewables or its subsidiaries;

(iii) contravene, conflict with, or result in any violation or breach of the articles, bylaws or other constating documents of Renewables or any of its subsidiaries; or

(iv) violate any judgment, ruling, order, writ, injunction, determination, award, decree, statute, ordinance, rule, regulation or Applicable Law applicable to Renewables or any of its subsidiaries,

except, in the case of clauses (i), (ii) and (iv), as would not be reasonably expected to have, individually or in the aggregate, a Material Adverse Effect on Renewables.

(e) Renewables has sufficient funds available to pay the amount which may be required pursuant to Section 6.1 of this Agreement.

(f) Other than in connection with or in compliance with the provisions of Applicable Laws in relation to the completion of the Arrangement including receipt of Regulatory Approvals or which are required to be fulfilled post-Arrangement, there is no legal impediment to Renewables' consummation of the transactions contemplated by this Agreement.

(g) The execution, delivery and performance by Renewables of its obligations under this Agreement and the consummation of the Arrangement do not require any Authorization or other action by or in respect of, or filing with, or notification to, any Governmental Authority by Renewables other than: (i) the Interim Order and any approvals required by the Interim Order; (ii) the Final Order; (iii) filings with the Director under the CBCA; (iv) filings with the Securities Authorities; (v) the Regulatory Approvals; (vi) approval of the Arrangement Resolution; and (vii) any Authorizations which, if not obtained, or any other actions by or in respect of, or filings with, or notifications to, any Governmental Authority which, if not taken or made, would not, individually or in the aggregate, be reasonably expected to have a Material Adverse Effect on Renewables.

(h) Except as disclosed in the Renewables Public Record, since December 31, 2022:

(i) there has not been any Material Adverse Change respecting Renewables and its subsidiaries, taken as a whole;

(ii) Renewables and each of its subsidiaries has conducted its business only in the Ordinary Course and in accordance with Applicable Laws, except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect; and

(iii) neither Renewables nor any of its subsidiaries has incurred or suffered to exist any liability or obligation of any nature (whether absolute, accrued, contingent or otherwise), whether or not such liabilities would be required by IFRS to be reflected on a balance sheet of Renewables and its subsidiaries, taken as a whole, except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(i) The Renewables Financial Statements fairly present, in accordance with IFRS, consistently applied, the consolidated financial position and condition of Renewables and its subsidiaries at the dates thereof and the results of the operations of Renewables for the periods then ended and reflect, in accordance with IFRS, consistently applied, all material assets, liabilities or obligations (absolute, accrued, contingent or otherwise) of Renewables and its subsidiaries on a consolidated basis, as at the dates thereof.

(j) The Renewables Information shall, as of the respective dates of such information, be true and complete in all material respects and shall not contain any misrepresentation or omit to state any material fact required to be stated.

(k) There are no Proceedings pending against Renewables, any of its subsidiaries or any of their respective properties or assets, except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on Renewables.

(l) Renewables is a “reporting issuer” in each of the provinces of Canada and is in material compliance with all Applicable Canadian Securities Laws therein and the Renewables Shares are listed and posted for trading on the TSX. Renewables is not in material default of any material requirements of any Applicable Canadian Securities Laws or any rules or regulations of, or agreement with, the TSX. No delisting, suspension of trading in or cease trading order with respect to the Renewables Shares is pending. The documents and information comprising the Renewables Public Record did not at the respective times they were filed with the relevant Securities Authorities, contain any misrepresentation, unless

such document or information was subsequently corrected or superseded in the Renewables Public Record prior to the date hereof. Renewables has not filed any confidential material change report that, as of the date hereof, remains confidential.

(m) As of the date of this Agreement, the authorized capital of Renewables consists of an unlimited number of Renewables Shares, an unlimited number of Class B shares ("**Class B Shares**") and an unlimited number of preferred shares issuable in series ("**Renewables Preferred Shares**").

(n) As of the date of this Agreement, there are issued and outstanding: (i) 266,863,741 Renewables Shares; (ii) no Class B Shares; and (iii) no Renewables Preferred Shares.

(o) Except for the Renewables Shares, there are no other shares of any class or series in the capital of Renewables outstanding. Except for a dividend reinvestment share purchase plan applicable to holders of Renewables Shares, which was suspended following the payment of the dividend on October 30, 2020, there are no options, warrants, convertible securities or other rights, shareholder rights plans, agreements or commitments of any character whatsoever (pre-emptive, contingent or otherwise) requiring or which may require the issuance, sale or transfer by Renewables of any securities of Renewables (including Renewables Shares) or any securities convertible into, or exchangeable or exercisable for, or otherwise evidencing a right to subscribe for or acquire, any securities of or other equity or voting interests in Renewables (including Renewables Shares).

(p) All outstanding Renewables Shares have been duly authorized and validly issued, are fully paid and non-assessable. Other than the Renewables Shares, there are no securities of Renewables outstanding which have the right to vote generally with Renewables Shareholders on any matter.

(q) Renewables and its subsidiaries have good title to all material property of any kind or nature which Renewables or any of its subsidiaries purport to own ("**Material Owned Renewables Assets**"), free and clear of all Liens (other than Liens as are addressed in any governmental registry or arising in the Ordinary Course), except as would not, individually or in the aggregate, have a Material Adverse Effect. Renewables and its subsidiaries, as lessees, have the right under valid and subsisting leases to use, possess and control all personal property leased by and material to Renewables or any of its subsidiaries as used, possessed and controlled by Renewables or its subsidiaries, as applicable, except as would not, individually or in the aggregate, have a Material Adverse Effect (the "**Material Leased Renewables Assets**"). Except as disclosed in the Renewables Public Record, the Material Owned Renewables Assets and the Material Leased Renewables Assets have been properly maintained in all material respects in accordance with good industry operating practice and are in good working order, subject to ordinary wear and tear for equipment of comparable age, for the continued conduct of the business of Renewables and its subsidiaries in the manner in which it is currently conducted.

(r) Neither Renewables nor any of its subsidiaries own, directly or indirectly, any "rate regulated" electrical transmission assets outside of the Province of Alberta.

(s) Renewables is not a non-resident of Canada for the purposes of the Tax Act.

4.3 Privacy Issues

(a) For the purposes of this Section 4.3, "**Transferred Information**" means the personal information (namely, information about an identifiable individual other than their business contact information when used or disclosed for the purpose of contacting such individual in that individual's capacity as a representative of an organization and for no other purpose) to be disclosed or conveyed to one Party or any of its representatives or agents (for purposes of this Section 4.3, "**Recipient**") by or on behalf of the Other Party (for purposes of this Section 4.3, "**Disclosing Party**") as a result of or in conjunction with the transactions contemplated herein, and includes all such personal information disclosed to the Recipient prior to the execution of this Agreement.

(b) Each Disclosing Party covenants and agrees to, upon request, use its reasonable commercial efforts to advise the Recipient of the purposes for which the Transferred Information was initially collected from or in respect of the individual to which such Transferred Information relates and the additional purposes where the Disclosing Party has notified the individual of such additional purpose, and where required by Applicable Law, obtained the consent of such individual to such use or disclosure.

(c) In addition to its other obligations hereunder, Recipient covenants and agrees to:

(i) prior to the completion of the transactions contemplated herein, collect, use and disclose the Transferred Information solely for the purpose of reviewing and completing the transactions contemplated herein, including for the purpose of determining to complete such transactions;

(ii) after the completion of the transactions contemplated herein,

(A) collect, use and disclose the Transferred Information only for those purposes for which the Transferred Information was initially collected from or in respect of the individual to which such Transferred Information relates or for the completion of the transactions contemplated herein, unless:

(1) the Disclosing Party or Recipient has first notified such individual of such additional purpose, and where required by Applicable Law, obtained the consent of such individual to such additional purpose, or

(2) such use or disclosure is permitted or authorized by Applicable Law, without notice to, or consent from, such individual; and

(B) where required by Applicable Law, promptly notify the individuals to whom the Transferred Information relates that the transactions contemplated herein have taken place and that the Transferred Information has been disclosed to Recipient;

(iii) return or destroy the Transferred Information, at the option of the Disclosing Party, and to not thereafter use or disclose any of the Transferred Information, should the transactions contemplated herein not be completed; and

(iv) notwithstanding any other provision herein, where the disclosure or transfer of Transferred Information to Recipient requires the consent of, or the provision of notice to, the individual to which such Transferred Information relates, to not require or accept the disclosure or transfer of such Transferred Information until the Disclosing Party has first notified such individual of such disclosure or transfer and the purpose for same, and where required by Applicable Law, obtained the individual's consent to same and to only collect, use and disclose such information to the extent necessary to complete the transactions contemplated herein and as authorized or permitted by Applicable Laws.

ARTICLE 5
CONDITIONS PRECEDENT

5.1 Mutual Conditions Precedent

The respective obligations of the Parties to complete the Arrangement are subject to the satisfaction, on or before the Effective Time, of the following conditions, any of which may be waived in whole or in part by the mutual written consent of such Parties without prejudice to their right to rely on any other of such conditions:

(a) the Interim Order shall have been obtained in form and substance satisfactory to the Parties, each acting reasonably, and such Interim Order shall not have been set aside or modified in a manner unacceptable to the Parties, each acting reasonably, on appeal or otherwise;

(b) the Arrangement Resolution shall have been approved and adopted by the Renewables Shareholders at the Renewables Meeting in accordance with the requirements of the Interim Order and in form and substance satisfactory to the Parties, each acting reasonably;

(c) the Final Order shall have been obtained in form and substance satisfactory to the Parties, each acting reasonably, and such Final Order shall not have been set aside or modified in a manner unacceptable to the Parties, each acting reasonably, on appeal or otherwise;

(d) the Articles of Arrangement shall have been filed with the Director under the CBCA in accordance with this Agreement and shall be in form and substance satisfactory to the Parties, each acting reasonably;

(e) the Effective Date shall have occurred on or before the Outside Date;

(f) the TransAlta Shares to be issued to the holders of Renewables Shares pursuant to this Agreement shall have been authorized for listing on the NYSE and the TSX;

(g) on the Effective Date, each Party shall be satisfied, acting reasonably, that the TransAlta Shares issuable to the holders of Renewables Shares pursuant to the Arrangement: (i) shall not be subject to any hold period, restricted period or seasoning period under Applicable Canadian Securities Laws that shall not have been satisfied on the Effective Date; and (ii) shall not require registration under the U.S. Securities Act, whether on the basis of the exemption provided for in section 3(a)(10) thereof or otherwise;

(h) all Regulatory Approvals shall have been obtained on terms and conditions satisfactory to the Parties, each acting reasonably;

(i) no claims, actions, enquiries, applications, suits, demands, arbitrations, charges, indictments, hearings or other civil, criminal, administrative or investigative proceedings, or other investigations or examinations (whether, for greater certainty, by a Governmental Authority or any other Person) shall be commenced, pending or threatened and no Applicable Law shall have been proposed, enacted, promulgated or applied, in either case:

(i) seeking to cease trade, restrict, enjoin, prohibit, materially delay or impose material conditions on the Arrangement or the transactions contemplated therein or herein or any of the material terms and conditions of any transaction contemplated by this Agreement or seeking to obtain from TransAlta or Renewables any material damages directly or indirectly in connection with the Arrangement;

(ii) seeking to cease trade, restrict, enjoin, prohibit, materially delay or impose material conditions on the rights of TransAlta to own, hold or exercise full rights of ownership over the Renewables Shares upon the completion of the Arrangement or conduct the business conducted by Renewables;

(iii) seeking to prohibit or restrict the completion of the Arrangement in accordance with the terms hereof or otherwise relating to the Arrangement;

(iv) seeking to prohibit or limit the ownership or operation by Renewables, TransAlta or any of their respective affiliates of any material portion of the business or assets of Renewables or to compel TransAlta or any of its affiliates to dispose or divest of or hold separate any material portion of the business or assets of Renewables; or

(v) seeking to prohibit TransAlta or any of its affiliates from effectively controlling in any material respect the business or operations of Renewables,

that would, if successful, be reasonably likely to have a Material Adverse Effect; and

(j) no Governmental Authority shall have enacted, issued, promulgated, applied for (or advised any of the Parties in writing that it has determined to make such application), enforced or entered any Applicable Law (whether temporary, preliminary or permanent) that makes illegal, restrains, enjoins or otherwise prohibits consummation of, or dissolves the Arrangement or the other transactions contemplated by this Agreement.

5.2 Additional Conditions to Obligations of TransAlta

The obligation of TransAlta to complete the Arrangement is subject to the satisfaction, on or before the Effective Time, of the following conditions, which conditions are for the exclusive benefit of TransAlta and may only be waived, in whole or in part, by TransAlta in its sole discretion:

(a) all covenants of Renewables under this Agreement to be performed on or before the Effective Time (without giving effect to, applying or taking into consideration any Material Adverse Effect, Material Adverse Change or other materiality qualifications already contained in such covenants) shall have been duly performed by Renewables in all material respects, and TransAlta shall have received a certificate of Renewables

addressed to TransAlta dated the Effective Time, signed on behalf of Renewables by two senior executive officers of Renewables (on Renewables' behalf and without personal liability), confirming the same as at the Effective Time;

(b) all representations and warranties of Renewables set forth in this Agreement were true and correct as of the date of this Agreement and shall be true and correct as of the Effective Time (except for representations and warranties as of a specified date, the accuracy of which shall be determined as of that specified date), except to the extent that the failure or failures of such representations and warranties to be true and correct, individually or in the aggregate, would not have a Material Adverse Effect (and, for this purpose, any reference to "material", "Material Adverse Effect" or other concepts of materiality in such representations and warranties shall be ignored), and TransAlta shall have received a certificate of Renewables addressed to TransAlta and dated the Effective Time, signed on behalf of Renewables by two senior executive officers of Renewables (on Renewables' behalf and without personal liability), confirming the above as at the Effective Time;

(c) Renewables shall have furnished TransAlta with:

(i) certified copies of the resolutions duly passed by the Renewables Board approving this Agreement and the consummation of the transactions contemplated by this Agreement; and

(ii) a certified copy of the Arrangement Resolution duly passed by the Renewables Shareholders;

(d) no Material Adverse Change in respect of Renewables shall have occurred after the date hereof;

(e) holders of not more than 10% of the issued and outstanding Renewables Shares not owned by TransAlta shall have exercised Dissent Rights in relation to the Arrangement;

(f) in addition to the approvals contemplated in Subsection 5.1(h), all other third party waivers or approvals required in connection with the consummation of the Arrangement shall have been provided or obtained on terms and conditions acceptable to TransAlta, acting reasonably; and

(g) Renewables shall have delivered a mutual release, in form and substance satisfactory to TransAlta, acting reasonably, duly executed by each director and officer of Renewables as requested by TransAlta.

5.3 Additional Conditions to Obligations of Renewables

The obligation of Renewables to complete the Arrangement is subject to the satisfaction, on or before the Effective Time, of the following conditions, which conditions are for the exclusive benefit of Renewables and may only be waived, in whole or in part, by Renewables in its sole discretion:

(a) all covenants of TransAlta under this Agreement to be performed on or before the Effective Time (without giving effect to, applying or taking into consideration any Material Adverse Effect, Material Adverse Change or other materiality qualifications already contained in

such covenants) shall have been duly performed by TransAlta in all material respects, and Renewables shall have received a certificate of TransAlta addressed to Renewables dated the Effective Time, signed on behalf of TransAlta by two senior executive officers of TransAlta (on TransAlta's behalf and without personal liability), confirming the same as at the Effective Time;

(b) all representations and warranties of TransAlta set forth in this Agreement were true and correct as of the date of this Agreement and shall be true and correct as of the Effective Time (except for representations and warranties as of a specified date, the accuracy of which shall be determined as of that specified date), except to the extent that the failure or failures of such representations and warranties to be true and correct, individually or in the aggregate, would not have a Material Adverse Effect (and, for this purpose, any reference to "material", "Material Adverse Effect" or other concepts of materiality in such representations and warranties shall be ignored), and Renewables shall have received a certificate of TransAlta addressed to Renewables and dated the Effective Time, signed on behalf of TransAlta by two senior executive officers of TransAlta (on TransAlta's behalf and without personal liability), confirming the above as at the Effective Time;

(c) TransAlta shall have furnished Renewables with certified copies of the resolutions duly passed by the TransAlta Board approving this Agreement and the consummation of the transactions contemplated by this Agreement;

(d) TransAlta shall have deposited or caused to be deposited in escrow with the Depositary the aggregate Renewables Cash Consideration and TransAlta Shares that will be payable to the Renewables Shareholders under the Arrangement in accordance with Section 2.14, and Renewables shall have received written confirmation of the receipt of such funds and TransAlta Shares by the Depositary; and

(e) no Material Adverse Change in respect of TransAlta shall have occurred after the date hereof.

5.4 Notice and Effect of Failure to Comply with Conditions

(a) Each Party shall give prompt notice to the other of the occurrence, or failure to occur, of any event or state of facts which occurrence or failure would, or would reasonably be likely to:

(i) cause any of the representations or warranties of such Party contained herein to be untrue or inaccurate in any material respect on the date hereof or at the Effective Time; or

(ii) result in the failure to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by any Party hereunder prior to or at the Effective Time.

(b) TransAlta may not exercise its right to terminate this Agreement pursuant to Subsection 8.2(c)(ii), and Renewables may not exercise its right to terminate this Agreement pursuant to Subsection 8.2(d)(i), unless the Party seeking to terminate the Agreement (the "**Terminating Party**") has delivered a written notice (the "**Termination Notice**") to the Other Party (the "**Breaching Party**") specifying in reasonable detail all breaches of covenants, representations and warranties or other matters which the

Terminating Party asserts as the basis for the termination right. If any such Termination Notice is delivered, provided that the Breaching Party is proceeding diligently to cure such matter and such matter is capable of being cured prior to the Outside Date (it being agreed that matters arising out of any fraudulent act or an act undertaken by the Breaching Party with the actual knowledge that the taking of such act would, or would be reasonably expected to, cause a breach of this Agreement, are not capable of being cured), the Terminating Party may not exercise such termination right until the earlier of: (i) the Outside Date; and (ii) the date that is 10 Business Days following receipt of such Termination Notice by the Breaching Party, if such matter has not been cured by such date. If the Terminating Party delivers a Termination Notice prior to the date of the Renewables Meeting, unless the Parties agree otherwise, Renewables shall postpone or adjourn the Renewables Meeting to the earlier of: (i) three Business Days prior to the Outside Date; and (ii) the date that is 10 Business Days following receipt of such Termination Notice by the Breaching Party.

(c) Notwithstanding anything else contained herein, TransAlta shall not be entitled to exercise any right under this Agreement or claim a remedy available to it hereunder as a result of, or in relation to, TransAlta failing to take any action required by it in its capacity as the manager pursuant to the Management Services Agreement.

5.5 Satisfaction of Conditions

The conditions set out in this Article 5 are conclusively deemed to have been satisfied, waived or released when, with the agreement of the Parties, Articles of Arrangement are filed under the CBCA to give effect to the Arrangement.

ARTICLE 6
AGREEMENT AS TO DAMAGES

6.1 TransAlta Damages

If at any time after the execution of this Agreement, this Agreement is terminated:

(a) by TransAlta pursuant to Subsection 8.2(c)(i), or 8.2(c)(iii); or

(b) by Renewables or TransAlta pursuant to Subsection 8.2(b)(ii) but prior to such termination an Acquisition Proposal (or an intention to make an Acquisition Proposal) in respect of Renewables shall have been announced, made or otherwise publicly disclosed (and not withdrawn) prior to the date proposed for the Renewables Meeting, and, within 9 months following the date of such termination:

(i) the Renewables Board recommends any Acquisition Proposal which is subsequently consummated at any time thereafter (whether or not in such 9 month period);

(ii) Renewables shall have entered into or become party to a binding agreement with respect to any Acquisition Proposal (whether or not such Acquisition Proposal is the same Acquisition Proposal referred to above) which is subsequently consummated at any time thereafter (whether or not in such 9 month period); or

(iii) any Acquisition Proposal is consummated with Renewables, or

(c) by Renewables pursuant to Subsection 8.2(d)(ii),

(each of the above being a "**TransAlta Damages Event**"), Renewables shall pay to TransAlta $95,400,000 (the "**TransAlta Damages Fee**") as liquidated damages in immediately available funds to an account designated by TransAlta, with the TransAlta Damages Fee to be paid: (i) in the case of Subsection 6.1(a), within two Business Days of termination; (ii) in the case of Subsection 6.1(b), on the date on which the Acquisition Proposal (as it may be modified or amended) is consummated (whether occurring during such 9 month period or thereafter); and (iii) in the case of Subsection 6.1(c), in accordance with Subsection 3.4(d). Following a TransAlta Damages Event, but prior to payment of the TransAlta Damages Fee as required, Renewables shall be deemed to hold such funds in trust for TransAlta. Renewables shall only be obligated to pay the TransAlta Damages Fee once pursuant to this Section 6.1. For the purposes of the foregoing, the term "Acquisition Proposal" shall have the meaning assigned to such term in Section 1.1, except that references to "20% or more" shall be deemed to be references to "50% or more".

6.2 Injunctive Relief and Remedies

Each Party agrees that irreparable harm would occur for which money damages would not be an adequate remedy at law in the event that any of the provisions of this Agreement were not performed by the Other Party in accordance with their specific terms or were otherwise breached. It is accordingly agreed that each Party shall be entitled to seek injunctive relief to restrain any breach or threatened breach by the Other Party of the covenants or agreements set forth in this Agreement or otherwise to obtain specific performance of any of such act, covenants or agreements, without the necessity of posting bond or security in connection therewith, this being in addition to any other remedy to which such Party may be entitled at law or in equity. Each of the Parties acknowledges that the agreement contained in Section 6.1 is an integral part of the transaction contemplated by this Agreement, and that without this agreement the Parties would not enter into this Agreement; and further that the payment of the TransAlta Damages Fee in the circumstances set out in Section 6.1 is a payment of liquidated damages which is a genuine pre-estimate of the damages which TransAlta shall suffer or incur as a result of the event giving rise to such damages and resultant termination of this Agreement and is not a penalty. Renewables irrevocably waives any right it may have to raise as a defence that any such liquidated damages are excessive or punitive. For greater certainty, TransAlta agrees that its right to receive the TransAlta Damages Fee in the manner provided in this Article 6, is TransAlta's sole and exclusive remedy against the Renewables in respect of the event(s) giving rise to such payment; provided that, this limitation shall not apply to TransAlta in the event of fraud or willful breach of this Agreement by Renewables.

ARTICLE 7
AMENDMENT

7.1 Amendment

This Agreement may, at any time and from time to time, before or after the holding of the Renewables Meeting but not later than the Effective Time, be amended by written agreement of the Parties, subject to the Interim Order, the Final Order and Applicable Laws, without further notice to or authorization on the part of the TransAlta Shareholders and the Renewables Shareholders, provided that no such amendment reduces or adversely affects the consideration to be received by a Renewables Shareholder without approval by the Renewables Shareholders

given in the same manner as required for the approval of the Arrangement or as may be ordered by the Court.

7.2 Waiver

No waiver of any of the provisions of this Agreement will constitute a waiver of any other provision (whether or not similar). No waiver will be binding unless executed in writing by the Party to be bound by the waiver. A Party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a Party from any other or further exercise of that right or the exercise of any other right.

ARTICLE 8
TERMINATION

8.1 Term

This Agreement shall be effective from the date hereof until the earlier of the Effective Time and the termination of this Agreement in accordance with its terms.

8.2 Termination

This Agreement may be terminated at any time prior to the Effective Time:

(a) by mutual written agreement of the Parties;

(b) by either Party:

(i) if the Effective Time has not occurred on or prior to the Outside Date, except that the right to terminate this Agreement under this clause shall not be available to any Party whose failure to fulfill any of its obligations in this Agreement has been the cause of, or resulted in, the failure of the Effective Time to occur on or prior to the Outside Date;

(ii) if the Arrangement Resolution is not approved by the Renewables Shareholders at the Renewables Meeting (or any adjournment or postponement thereof) in accordance with the Interim Order; or

(iii) if any Applicable Law makes the consummation of the Arrangement or the transactions contemplated by this Agreement illegal or otherwise prohibited, and such Applicable Law has become final and non-appealable;

(c) by TransAlta:

(i) if:

(A) the Renewables Board shall have failed to publicly recommend this Agreement or the Arrangement in the manner contemplated by Section 2.5;

(B) the Renewables Board shall have withdrawn or qualified, amended or modified in a manner adverse to TransAlta, the approval or

recommendation of the Arrangement by the Renewables Board, otherwise than in the circumstances described in 8.2(d)(ii);

(C) the Renewables Board fails to publicly reaffirm its recommendation of this Agreement and the Arrangement within two Business Days after having been requested to do so by TransAlta in accordance with Subsection 3.4(g);

(D) Renewables or the Renewables Board accepts, approves, endorses or recommends an Acquisition Proposal; or

(E) Renewables or the Renewables Board enters into any agreement in respect of a Superior Proposal (other than a confidentiality and standstill agreement permitted by Subsection 3.4(b)(viii));

(ii) subject to Section 5.4, if Renewables breaches any of its representations or warranties, or fails to perform any covenant or agreement made by it in this Agreement, which breach or breaches would cause any condition set forth in Section 5.1 or Section 5.2 not to be satisfied, and such breach or failure is incapable of being cured or is not cured in accordance with the terms of Section 5.4, except that the right to terminate this Agreement under this clause shall not be available to TransAlta if it is then in breach of this Agreement or the Management Services Agreement so as to cause, or result in, any condition in Section 5.1 or Section 5.2 not to be satisfied;

(iii) if Renewables breaches any of its covenants or agreements in any material respect in Section 3.4 unless such breach is a result of TransAlta failing to perform its obligations pursuant to the Management Services Agreement; or

(iv) if after the date of this Agreement, there occurs a Material Adverse Effect in respect of Renewables unless such Material Adverse Effect is a result of TransAlta failing to perform its obligations pursuant to the Management Services Agreement; or

(d) by Renewables:

(i) subject to Section 5.4, if TransAlta breaches any of its representations or warranties, or fails to perform any covenant or agreement made by it in this Agreement or the Management Services Agreement, which breach or breaches would cause any condition set forth in Section 5.1 or Section 5.3 not to be satisfied, and such breach or failure is incapable of being cured or is not cured in accordance with the terms of Section 5.4, except that the right to terminate this Agreement under this clause shall not be available to Renewables if it is then in breach of this Agreement so as to cause, or result in, any condition in Section 5.1 or Section 5.3 not to be satisfied;

(ii) if the Renewables Board accepts, approves or recommends, or Renewables enters into any agreement with respect to, a Superior Proposal in compliance with the provisions of Subsection 3.4(d), provided that Renewables concurrently will have delivered to TransAlta written confirmation that the Renewables Board has accepted, approved or recommended, or Renewables has entered into such agreement relating to, such Superior Proposal; or

(iii) if, after the date of this Agreement, there occurs a Material Adverse Effect in respect of TransAlta.

In the event of the termination of this Agreement in the circumstances set out in Section 8.1 or paragraphs (a) through (d) of this Section 8.2, this Agreement shall forthwith become void and of no further force and effect and neither Party (nor any shareholder, director, officer, agent, consultant or representative of such Party) shall have any liability or further obligation to the other hereunder except that: (a) in the event of termination under Section 8.1 as a result of the Effective Time occurring, Section 2.13 shall survive for a period of six years following such termination; and (b) in the event of termination under this Section 8.2, this Section 8.2 and Sections 1.5, 1.11, 3.1(g), 3.2(k), 4.3, 6.1, 6.2, 7.2, 9.1, 10.1, 10.2, 10.3, 10.4, 10.6 and 10.7 shall survive termination of this Agreement and each Party's obligations under the Confidentiality Agreement shall remain full force and effect in accordance with the terms thereof.

Unless otherwise provided herein, the exercise by either Party of any right of termination hereunder shall be without prejudice to any other remedy available to such Party and for greater certainty nothing in this Section 8.2 shall relieve any Party from liability for any breach by it of this Agreement that occurred prior to the date of termination.

ARTICLE 9
NOTICES

9.1 Notices

All notices which may or are required to be given pursuant to any provision of this Agreement are to be given or made in writing and served personally or sent by email transmission and in the case of:

(a) TransAlta, addressed to:

TransAlta Place, Suite 1400
1100 1 St SE
Calgary, Alberta, Canada
T2G 1B1

Attention: Kerry O'Reilly, Executive Vice President | Legal, Commercial and External Affairs
E-mail: **[*email address redacted*]**, with copy to: **[*email address redacted*]**

with a copy to (which shall not constitute notice):

Norton Rose Fulbright Canada LLP
400 – 3rd Avenue S.W.
Suite 3700
Calgary, Alberta T2P 4H2

Attention: Justin Ferrara and Kassy Corothers
Email: **[*email address redacted*]** and
[*email address redacted*]

(b) Renewables, addressed to:

TransAlta Place, Suite 1400
1100 1 St SE
Calgary, Alberta, Canada
T2G 1B1

Attention: David Drinkwater, Chair of the Renewables Board
E-mail: **[*email address redacted*]**

with a copy to (which shall not constitute notice):

Stikeman Elliott LLP
4300 Bankers Hall West
888 - 3rd Street S.W.
Calgary, Alberta T2P 5C5

Attention: Leland Corbett and Benjamin Hudy
Email: **[*email address redacted*]** and **[*email address redacted*]**

or such other address as the Parties may, from time to time, advise to the Other Party hereto by notice in writing. Any notice or other communication is deemed to be given and received: (i) if sent by personal delivery or same day courier, on the date of delivery if it is a Business Day and the delivery was made prior to 4:00 p.m. (local time in place of receipt) and otherwise on the next Business Day; (ii) if sent by overnight courier, on the next Business Day; or (iii) if sent by email transmission, shall be deemed to have been received on the Business Day following the sending. Sending a copy of a notice or other communication to a Party's legal counsel as contemplated above is for information purposes only and does not constitute delivery of the notice or other communication to that Party. The failure to send a copy of a notice or other communication to legal counsel does not invalidate delivery of that notice or other communication to a Party.

ARTICLE 10
GENERAL

10.1 Assignment and Enurement

This Agreement shall be binding upon and enure to the benefit of the Parties and their respective successors and assigns. This Agreement may not be assigned by TransAlta without the prior written consent of Renewables, except that TransAlta may assign all or a portion of its rights under this Agreement to any subsidiary of TransAlta, but no assignment shall relieve TransAlta of any

of its obligations hereunder. This Agreement may not be assigned by Renewables without the prior written consent of TransAlta.

10.2 Costs

Except as contemplated herein, each Party covenants and agrees to bear its own fees, costs and expenses in connection with the transactions contemplated by this Agreement and the Arrangement. For greater certainty, TransAlta and Renewables shall pay one-half of the applicable filing fee for any filing fee associated with obtaining the AUC Approval.

10.3 Severability

If any term or provision of this Agreement should be or become invalid, illegal or unenforceable in any respect in any jurisdiction, the remaining terms and provisions contained herein shall remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any Party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the fullest extent possible.

10.4 Further Assurances

Each Party hereto shall, from time to time and at all times hereafter, at the request of the Other Party hereto, but without further consideration, do all such further acts and things, and execute and deliver all such further documents and instruments and provide all such further assurances as may be reasonably required in order to fully perform and carry out the terms and intent hereof.

10.5 Time of Essence

Time shall be of the essence of this Agreement.

10.6 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein and the Parties hereto irrevocably attorn to the jurisdiction of the courts of the Province of Alberta.

10.7 Third Party Beneficiaries

The provisions of Sections 2.13, 3.1(g) and 3.2(k) are: (i) intended for the benefit of the third Persons mentioned therein, as and to the extent applicable in accordance with their terms, and shall be enforceable by each of such Persons and his heirs, executors, administrators and other legal representatives (collectively, the "**Third Party Beneficiaries**") and Renewables shall hold the rights and benefits of Sections 2.13 and 3.1(g) and TransAlta shall hold the rights and benefits of Subsection 3.2(k) in trust for and on behalf of the Third Party Beneficiaries, as applicable, and each of TransAlta and Renewables hereby accepts such trust and agrees to hold the benefit of and enforce performance of such covenants on behalf of the applicable Third Party Beneficiaries; and (ii) are in addition to, and not in substitution for, any other rights that the Third Party Beneficiaries may have by contract or otherwise.

10.8 Counterparts

This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, and all of which together constitute one and the same instrument. The Parties shall be entitled to rely upon the delivery of an executed facsimile or similar executed electronic copy of this Agreement, and such facsimile or similar executed electronic document shall be legally effective to create a valid and binding agreement between the Parties.

10.9 Survival

The representations and warranties contained herein shall terminate on, and may not be relied upon by either Party, after the Effective Time.

[*remainder of page intentionally left blank*]

IN WITNESS WHEREOF the Parties have caused this Agreement to be executed as of the date first above written by their respective officers thereunto duly authorized.

TRANSALTA CORPORATION

Per: (signed) "*John Kousinioris*"
Name: John Kousinioris
Title: President & Chief Executive Officer

Per: (signed) "*Chris Fralick*"
Name: Chris Fralick
Title: Executive Vice President, Generation

TRANSALTA RENEWABLES INC.

Per: (signed) "*David Drinkwater*"
Name: David Drinkwater
Title: Chair of the Board of Directors

Per: (signed) "*Allen Hagerman*"
Name: Allen Hagerman
Title: Director

SCHEDULE A

PLAN OF ARRANGEMENT UNDER SECTION 192
OF THE
CANADA BUSINESS CORPORATIONS ACT

PLAN OF ARRANGEMENT UNDER SECTION 192
OF THE CANADA BUSINESS CORPORATIONS ACT

ARTICLE 1
INTERPRETATION

1.1 In this Plan of Arrangement, the following terms shall have the respective meanings set out below and grammatical variations of such terms shall have corresponding meanings:

(a) "**affiliate**" has the meaning specified in National Instrument 45-106 – *Prospectus Exemptions*;

(b) "**Applicable Laws**" in the context that refers to one or more Persons, means any domestic or foreign, national, federal, state, provincial, municipal, regional or local law (statutory, common, or otherwise), constitution, treaty, convention, ordinance, code, rule, regulation, order, injunction, judgment, decree, ruling or other similar requirement enacted, adopted, promulgated, or applied by a Governmental Authority, that is binding upon or applicable to such Person or Persons or its business or their business, undertaking, property or securities and, to the extent that they have the force of law, policies, guidelines, notices and protocols of any Governmental Authority;

(c) "**Applicable U.S. Securities Laws**" in the context that refers to one or more Persons, means, collectively, and as the context may require, the federal and state securities legislation of the United States and all rules, regulations and orders promulgated thereunder, as amended from time to time prior to the Effective Date, that apply to such Person or Persons or its business, undertaking, property or securities and emanate from a Governmental Authority having jurisdiction over the Person or Persons or its business, undertaking, property or securities;

(d) "**Arrangement**", "**herein**", "**hereof**", "**hereunder**" and similar expressions mean and refer to the arrangement pursuant to section 192 of the CBCA on the terms and subject to the conditions set out in this Plan of Arrangement, subject to any amendments or variations made in accordance with the terms of the Arrangement Agreement, Article 7 hereof or made at the direction of the Court in the Final Order provided that such amendments or variations are acceptable to both TransAlta and Renewables, each acting reasonably;

(e) "**Arrangement Agreement**" means the arrangement agreement dated July 10, 2023 between TransAlta and Renewables with respect to the Arrangement (including the schedules thereto) as supplemented, modified or amended from time to time in accordance with its terms;

(f) "**Arrangement Resolution**" means the special resolution approving this Plan of Arrangement to be considered by the Renewables Shareholders at the Renewables Meeting;

(g) "**Articles of Arrangement**" means the articles of arrangement of Renewables in respect of the Arrangement, required by subsection 192(6) of the CBCA to be sent to the Director after the Final Order is made, which shall include this Plan of Arrangement and otherwise be in form and substance satisfactory to both TransAlta and Renewables, each acting reasonably;

(h) "**Business Day**" means a day other than a Saturday, Sunday or a statutory holiday in the Province of Alberta;

(i) "**CBCA**" means the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44;

(j) "**Certificate of Arrangement**" means the Certificate of Arrangement issued by the Director pursuant to subsection 192(7) of the CBCA in respect of the Articles of Arrangement, giving effect to the Arrangement;

(k) "**Court**" means the Court of King's Bench of Alberta;

(l) "**Depositary**" means such Person as may be appointed by TransAlta with the approval of Renewables, acting reasonably, for the purpose of receiving deposits of certificates formerly representing Renewables Shares in connection with the Arrangement;

(m) "**Director**" means the Director appointed under section 260 of the CBCA;

(n) "**Dissent Rights**" means the right of a registered Renewables Shareholder to dissent with respect to the Arrangement Resolution and to be paid by TransAlta the fair value of the Renewables Shares in respect of which the Renewables Shareholder dissents, granted pursuant to the Interim Order, all in accordance with section 190 of the CBCA (as modified by the Interim Order), the Interim Order and Article 4 hereof;

(o) "**Dissenting Shareholder**" means a registered Renewables Shareholder who has duly and validly exercised its Dissent Rights in strict compliance with section 190 of the CBCA, the Interim Order and Article 4 hereof, and who has not withdrawn or been deemed to have withdrawn such exercise of Dissent Rights;

(p) "**Effective Date**" means the date shown on the Certificate of Arrangement giving effect to the Arrangement;

(q) "**Effective Time**" means the time at which the Arrangement becomes effective on the Effective Date pursuant to the CBCA;

(r) "**Election Deadline**" means 5:00 p.m. (Calgary time) on the date of the Renewables Meeting or, if the Renewables Meeting is adjourned, such time on the Business Day of such adjourned meeting if the Effective Date is to be more than two Business Days following the date of the Renewables Meeting or such time on the Business Day immediately prior to the date of such adjourned meeting if the Effective Date is to occur within two Business Days of the date of the Renewables Meeting;

(s) "**Eligible Holder**" means a beneficial holder of Renewables Shares that, immediately prior to the Effective Time, is: (i) a resident of Canada for purposes of the Tax Act and not exempt from tax under Part I of the Tax Act; or (ii) a partnership, any member of which is a resident of Canada for purposes of the Tax Act and not exempt from tax under Part I of the Tax Act;

(t) "**Final Order**" means a final order of the Court in a form acceptable to TransAlta and Renewables, each acting reasonably, in respect of the Arrangement pursuant to subsection 192(4)(e) of the CBCA, as such order may be amended by the Court at any time prior to the Effective Date, provided that such amendment is acceptable to both Renewables and TransAlta, each acting reasonably, or, if appealed, then unless such appeal is withdrawn or denied, as affirmed or amended on appeal, provided that such amendment is acceptable to both Renewables and TransAlta, each acting reasonably;

(u) "**Governmental Authority**" means:

(i) any international, multinational, national, federal, provincial, state, regional, municipal, local or other government, governmental or public department, ministry, central bank, court, tribunal, arbitral body, commission, commissioner, board, bureau or agency, domestic or foreign;

(ii) any subdivision, agency, agent or authority of any of the foregoing; or

(iii) any quasi-governmental or private body, including any tribunal, commission, regulatory agency, stock exchange or self-regulatory organization, exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing including, for greater certainty, the Securities Authorities, the Toronto Stock Exchange, the New York Stock Exchange, the Alberta Utilities Commission and any applicable regional reliability entity, electric system operator, public utilities commission, public service commission or equivalent entity;

(v) "**Interim Order**" means the interim order of the Court in a form acceptable to TransAlta and Renewables, each acting reasonably, pursuant to subsection 192(4)(c) of the CBCA in respect of the Arrangement, as such order may be affirmed, amended or modified (provided that such amendments or modifications are acceptable to both Renewables and TransAlta, each acting reasonably) by the Court;

(w) "**Joint Tax Election**" has the meaning ascribed thereto in Section 3.7;

(x) "**Letter of Transmittal**" means the letter of transmittal and election form sent to Renewables Shareholders (excluding the Renewables DSU Holders to whom Renewables Shares are to be issued pursuant to the election or deemed election to receive Renewables Shares pursuant to Section 3.1(b)(i)) to surrender the certificates formerly representing their Renewables Shares and elect to receive, on completion of the Arrangement, in exchange for each Renewables Share, the Renewables Cash Consideration or the Renewables Share Consideration, subject to proration as set forth in Section 3.3 hereof;

(y) "**Liens**" means any hypothecs, mortgages, pledges, assignments, liens, charges, security interests, encumbrances and adverse rights or claims, other third person interests or encumbrances of any kind, whether contingent or absolute, and any agreement, options, rights or privileges (whether by Applicable Law, contract or otherwise) capable of becoming any of the foregoing;

(z) "**Maximum Cash Consideration**" means $800,000,000 less the product obtained by multiplying the number of Renewables Shares held by Dissenting Shareholders by the Renewables Cash Consideration;

(aa) "**Maximum Share Consideration**" means 46,441,779 TransAlta Shares;

(bb) "**Non-US Renewables DSU Holder**" means a Renewables DSU Holder other than a US Renewables DSU Holder;

(cc) "**Parties**" means TransAlta and Renewables; and "**Party**" means either one of them;

(dd) "**Person**" includes an individual, limited or general partnership, limited liability company, limited liability partnership, trust, joint venture, association, body corporate, unincorporated organization, trustee, executor, administrator, legal representative, government (including any Governmental Authority) or any other entity, whether or not having legal status;

(ee) "**Plan of Arrangement**" means this plan of arrangement under section 192 of the CBCA, and any amendments or variations made in accordance with the Arrangement Agreement, Article 7 hereof or made at the direction of the Court in the Final Order, provided that such amendments or variations are acceptable to TransAlta and Renewables, each acting reasonably;

(ff) "**Renewables**" means TransAlta Renewables Inc., a corporation existing under the laws of Canada;

(gg) "**Renewables Cash Consideration**" means $13.00 in cash per Renewables Share;

(hh) "**Renewables DSU Holder**" means a holder of one or more Renewables DSUs;

(ii) "**Renewables DSU Plan**" means Renewables' Deferred Share Unit Plan adopted as of October 29, 2013, as amended and restated effective October 25, 2021;

(jj) "**Renewables DSU Share**" means a Renewables Share that is (or is deemed to be) received or receivable by a Renewables DSU Holder upon settlement of a Renewables DSU under Section 3.1(b);

(kk) "**Renewables DSUs**" means deferred share units issued pursuant to the Renewables DSU Plan;

(ll) "**Renewables Meeting**" means the special meeting of Renewables Shareholders to consider, among other things, the Arrangement Resolution and related matters, and any adjournments or postponements thereof;

(mm) "**Renewables Share Consideration**" means 1.0337 TransAlta Shares per Renewables Share;

(nn) "**Renewables Shareholders**" means the registered or beneficial, as applicable, holders of issued and outstanding Renewables Shares, including, where applicable, the Renewables DSU Holders who have been issued Renewables DSU Shares pursuant to the election or deemed election to receive Renewables Shares pursuant to Section 3.1(b)(i);

(oo) "**Renewables Shares**" means common shares in the capital of Renewables;

(pp) "**SEC**" means the United States Securities and Exchange Commission;

(qq) "**Securities Authorities**" means, collectively, the Alberta Securities Commission, the SEC, and the applicable securities commissions or similar securities regulatory authority of a province, state or territory of Canada or the United States;

(rr) "**Tax Act**" means the *Income Tax Act*, R.S.C. 1985, c. 1 (5th Supp.);

(ss) "**Tax Election Deadline**" has the meaning ascribed thereto in Section 3.7;

(tt) "**Total Elected Cash Consideration**" has the meaning ascribed thereto in Section 3.3(a);

(uu) "**Total Elected Share Consideration**" has the meaning ascribed thereto in Section 3.3(b);

(vv) "**TransAlta**" means TransAlta Corporation, a corporation existing under the laws of Canada;

(ww) "**TransAlta Shares**" means common shares in the capital of TransAlta; and

(xx) "**US Renewables DSU Holder**" means a Renewables DSU Holder who is subject to taxation in the United States of America.

1.2 The division of this Plan of Arrangement into articles and sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Plan of Arrangement.

1.3 Unless reference is specifically made to some other document or instrument, all references herein to articles and sections are to articles and sections of this Plan of Arrangement.

1.4 Unless the context otherwise requires, words importing the singular number shall include the plural and vice versa; and words importing any gender shall include all genders.

1.5 Unless otherwise specified, all references to "dollars" or "$" shall mean Canadian dollars.

1.6 In the event that the date on which any action is required to be taken hereunder by any of the Parties is not a Business Day in the place where the action is required to be taken, such action shall be required to be taken on the next succeeding day which is a Business Day in such place.

1.7 References in this Plan of Arrangement to any statute or sections thereof shall include such statute as amended or substituted and any regulations promulgated thereunder from time to time in effect.

ARTICLE 2
EFFECT OF THE ARRANGEMENT

2.1 This Plan of Arrangement, upon the filing of the Articles of Arrangement and the issuance of the Certificate of Arrangement, will become effective on, and be binding on and after, the Effective Time on Renewables, TransAlta, all Renewables Shareholders (including Dissenting Shareholders), all Renewables DSU Holders, and all other Persons, all without any further act or formality required on the part of any Person.

2.2 The Articles of Arrangement and Certificate of Arrangement shall be filed and issued, respectively, with respect to this Arrangement in its entirety. The Certificate of Arrangement shall be conclusive evidence that the Arrangement has become effective and that each of the provisions of Article 3 hereof has become effective in the sequence and at the times set out therein.

ARTICLE 3
ARRANGEMENT

3.1 Commencing at the Effective Time, each of the events and transactions set out below shall occur and shall be deemed to occur in the following order without any further act or formality:

(a) the Renewables Shares held by Dissenting Shareholders shall be deemed to be, without any further act or formality by the holders thereof, transferred to TransAlta (free and clear of all Liens), and:

(i) such Dissenting Shareholders shall cease to be the holders of such Renewables Shares and to have any rights as holders of such Renewables Shares other than the right to be paid fair value for such Renewables Shares as set out in Article 4;

(ii) such Dissenting Shareholders' names shall be removed as the holders of such Renewables Shares from the registers of Renewables Shares maintained by or on behalf of Renewables; and

(iii) TransAlta shall be deemed to be the transferee of such Renewables Shares (free and clear of all Liens) and shall be entered into the register of Renewables Shares maintained by or on behalf of Renewables;

(b) notwithstanding the terms of the Renewables DSU Plan, any resolutions of the Renewables directors or any agreement, certificate or other instrument granting or confirming the grant of Renewables DSUs or representing Renewables DSUs:

(i) with respect to each Renewables DSU outstanding immediately prior to the Effective Time and held by a Non-US Renewables DSU Holder:

(A) the "Redemption Date" (as defined in the Renewables DSU Plan) of each such Renewables DSU shall be, and shall be deemed to be, the effective time of this Section 3.1(b);

(B) each such Renewables DSU, shall be, and shall be deemed to be, without any further action by or on behalf of a Non-US Renewables DSU Holder, assigned, transferred and surrendered by such Non-US Renewables DSU Holder to Renewables (free and clear of all Liens) in exchange for, as elected or deemed to be elected in writing by each Non-US Renewables DSU Holder prior to the Effective Time:

(1) a number of Renewables Shares equal to that number of Renewables Shares subject to each Renewables DSU immediately prior to the Effective Time, and such Non-US Renewables DSU Holder shall be entered into the register of Renewables Shares maintained by or on behalf of Renewables, but the Non-US Renewables DSU Holder shall not be entitled to a certificate or other document representing the Renewables Shares issued in exchange for its Renewables DSUs and such Non-US Renewables DSU Holder shall be deemed for purposes of Section 3.2 to have elected to receive, in respect of each such Renewables Share received, the Renewables Share Consideration, subject to Sections 5.9 and 6.1; or

(2) a cash payment from Renewables equal to the Renewables Cash Consideration multiplied by that number of Renewables Shares subject to each Renewables DSU immediately prior to the Effective Time,

less any amounts withheld pursuant to Article 6 and the Renewables DSU Plan; and

(ii) with respect to each Renewables DSU outstanding immediately prior to the Effective Time and held by a US Renewables DSU Holder:

(A) the "Redemption Date" (as defined in the Renewables DSU Plan) of each such Renewables DSU shall be, and shall be deemed to be, the date that is one day following the six month anniversary of the Effective Date;

(B) from and after the Effective Time, each such Renewables DSU shall, and shall be deemed to, without any further action by or on behalf of a US Renewables DSU Holder, represent a right to receive, as elected or deemed to be elected in writing by each US Renewables DSU Holder prior to the Effective Time, from Renewables on the Redemption Date as set forth in Section 3.1(b)(ii)(A):

(1) a number of Renewables Shares equal to that number of Renewables Shares subject to each such Renewables DSU immediately prior to the Effective Time and such US Renewables

DSU Holder shall thereafter be deemed to have elected to receive on the Redemption Date as set forth in Section 3.1(b)(ii)(A), in respect of the right to receive each such Renewables Share, the Renewables Share Consideration, subject to Sections 5.9 and 6.1; or

(2) a cash payment equal to the Renewables Cash Consideration multiplied by that number of Renewables Shares subject to each such Renewables DSU immediately prior to the Effective Time,

less any amounts withheld pursuant to Article 6 and the Renewables DSU Plan; and

(c) each Renewables Share held by a Renewables Shareholder (other than Renewables Shares held by TransAlta or any of its affiliates and other than Renewables Shares held by Dissenting Shareholders) shall be and shall be deemed to be, without any further act or formality by or on behalf of the Renewables Shareholder transferred to TransAlta (free and clear of all Liens) in accordance with the election or deemed election of such Renewables Shareholder pursuant to Section 3.2, as adjusted by Section 3.3, if applicable, in exchange for the Renewables Cash Consideration or the Renewables Share Consideration, and upon such exchange:

(i) the holders of such Renewables Shares shall cease to be the holders thereof and to have any rights as holders of such Renewables Shares other than the right to receive Renewables Share Consideration or Renewables Cash Consideration, as applicable, for each such Renewables Share in accordance with this Plan of Arrangement;

(ii) such holders' names shall, in respect of the Renewables Shares, be removed from the register of Renewables Shares maintained by or on behalf of Renewables;

(iii) TransAlta shall be deemed to be the transferee of such Renewables Shares (free and clear of all Liens) and shall, in respect of such Renewables Shares, be entered into the register of the Renewables Shares maintained by or on behalf of Renewables; and

(iv) for each Renewables Share transferred to TransAlta in respect of which a holder has elected (or is deemed to have elected) to receive the Renewables Share Consideration, TransAlta shall allot and issue to such holder, in respect of each Renewables Share so transferred, the Renewables Share Consideration, as fully paid and non-assessable TransAlta Shares, and the name of such holder shall be added to the register of the holders of TransAlta Shares on the Effective Date.

3.2 With respect to the exchange of Renewables Shares effected pursuant to Section 3.1(c):

(a) each Renewables Shareholder may elect to receive, in respect of each Renewables Share held, the Renewables Cash Consideration or the Renewables Share Consideration, subject to Sections 3.3, 5.9, and 6.1;

(b) the election provided for in Section 3.2(a) shall be made by each Renewables Shareholder by depositing with the Depositary, prior to the Election Deadline, a duly completed Letter of Transmittal indicating such holder's election, together with any certificates representing the holder's Renewables Shares;

(c) any Letter of Transmittal, once deposited with the Depositary, shall be irrevocable and may not be withdrawn by a Renewables Shareholder; and

(d) any Renewables Shareholder who does not deposit with the Depositary a duly completed Letter of Transmittal prior to the Election Deadline, or otherwise fails to comply with the requirements of this Section 3.2 and the Letter of Transmittal (including Renewables Shareholders who duly exercise Dissent Rights but are ultimately not entitled, for any reason, to be paid fair value for Renewables Shares in respect of which they have exercised Dissent Rights), shall be deemed to have elected to receive the Renewables Share Consideration in respect of all of such holder's Renewables Shares.

3.3 Notwithstanding Section 3.2 or any provision herein contrary to, (i) the maximum amount of cash that may, in the aggregate, be paid by TransAlta to the Renewables Shareholders pursuant to Section 3.1(c) shall be equal to the Maximum Cash Consideration; and (ii) the maximum number of TransAlta Shares (excluding any TransAlta Shares to be issued to a Renewables Shareholder in exchange for a Renewables DSU Share) that may, in the aggregate, be issued by TransAlta to the Renewables Shareholders pursuant to Section 3.1(c) shall be equal to the Maximum Share Consideration. In the event that:

(a) the aggregate amount of cash that would, but for this Section 3.3(a), be paid to Renewables Shareholders in accordance with the elections or deemed elections of such Renewables Shareholders pursuant to Section 3.2 (the "**Total Elected Cash Consideration**") exceeds the Maximum Cash Consideration, then the aggregate amount of cash to be paid to any Renewables Shareholder (other than a Dissenting Shareholder) shall be determined by multiplying the aggregate amount of cash that would, but for this Section 3.3(a), be paid to such Renewables Shareholder by a fraction, rounded to six decimal places, the numerator of which is the Maximum Cash Consideration and the denominator of which is the Total Elected Cash Consideration; and such holder shall be deemed to have elected to receive the Renewables Cash Consideration for such number of its Renewables Shares, rounded down to the nearest whole value, as is equal to the aggregate amount of cash received by such holder, as adjusted in accordance with this Section 3.3(a), divided by the Renewables Cash Consideration, and the Renewables Share Consideration for the remainder of its Renewables Shares for which, but for this Section 3.3(a), such holder would otherwise have received the Renewables Cash Consideration; or

(b) the aggregate number of TransAlta Shares (excluding any TransAlta Shares to be issued to a Renewables Shareholder in exchange for a Renewables DSU Share) that would, but for this Section 3.3(b), be issued or issuable to Renewables Shareholders in accordance with the elections or deemed elections of such Renewables Shareholders pursuant to Section 3.2 (the "**Total Elected Share Consideration**") exceeds the Maximum Share Consideration, then the aggregate number of TransAlta Shares to be issued or issuable to any Renewables Shareholder (other than TransAlta Shares issued or issuable in exchange for a Renewables DSU Share) shall be determined by multiplying the aggregate number of TransAlta Shares (excluding any TransAlta Shares to be issued in exchange for a Renewables DSU Share) that would, but for this Section 3.3(b), be issued to such Renewables Shareholder by a fraction, rounded to six decimal places, the numerator of which is the Maximum Share Consideration and the denominator of which is the Total Elected Share Consideration; and such holder shall be deemed to have elected to receive the Renewables Share Consideration for such number of its Renewables Shares (other than Renewables DSU Shares), rounded down to the nearest whole number, as is equal to the aggregate number of TransAlta Shares (excluding any TransAlta Shares to be issued in exchange for a Renewables DSU Share) received by such holder, as adjusted pursuant to this Section 3.3(b), divided by the Renewables Share Consideration, and the Renewables Cash Consideration for the remainder of its Renewables Shares (other than Renewables DSU Shares) for which, but for this Section 3.3(b), such holder would otherwise have received the Renewables Share Consideration.

3.4 With respect to the Renewables DSUs to be dealt with pursuant to Section 3.1(b):

(a) the election provided for in Section 3.1(b)(i)(B) or 3.1(b)(ii)(B) shall be made by each Renewables DSU Holder by notice in writing to TransAlta, prior to the Effective Time, indicating such Renewables DSU Holder's election;

(b) each Renewables DSU Holder shall be entitled to elect a combination of the consideration described in Section 3.1(b)(i)(B) or 3.1(b)(ii)(B) (as the case may be) in respect of its aggregate Renewables DSUs; and

(c) any Renewables DSU Holder who does not provide written notice to TransAlta prior to the Effective Time, or otherwise fails to comply with the requirements of this Section 3.4, shall be deemed to have elected to receive a cash payment equal to the Renewables Cash Consideration multiplied by that number of Renewables Shares subject to each Renewables DSU held by the Renewables DSU Holder immediately prior to the Effective Time.

3.5 Notwithstanding any provision herein to the contrary, TransAlta and Renewables agree that this Plan of Arrangement will be carried out with the intention that all the Persons to whom the TransAlta Shares are issued on completion of this Plan of Arrangement will be issued by TransAlta in reliance on the exemption from the registration requirements of the *United States Securities Act of 1933*, as provided by section 3(a)(10) thereof and pursuant to exemptions from registration under any Applicable U.S. Securities Laws.

3.6 Each Renewables Shareholder who receives a combination of Renewables Share Consideration and Renewables Cash Consideration in exchange for Renewables Shares as a result of elections made (or deemed to be made) or as a result of the Maximum Share Consideration or Maximum Cash Consideration being exceeded as set forth in Section 3.3 shall be deemed for the purposes of the Tax Act and otherwise to receive only the Renewables Share Consideration for the number of Renewables Shares exchanged for the Renewables Share Consideration and only the Renewables Cash Consideration for the number of Renewables Shares exchanged for the Renewables Cash Consideration, provided, however, that a Renewables Shareholder who receives a combination of Renewables Share Consideration and Renewables Cash Consideration and makes a valid joint tax election with TransAlta in accordance with Subsection 3.7 to have the transfer of Renewables Shares to TransAlta under this Plan of Arrangement take place pursuant to the provisions of subsection 85(1) or (2) of the Tax Act (and the analogous provisions of any provincial tax laws), shall be deemed for purposes of the Tax Act and otherwise to have exchanged all of the holder's Renewables Shares transferred to TransAlta as a single transaction for consideration consisting of the combination of the aggregate Renewables Share Consideration and Renewables Cash Consideration received by such holder under this Plan of Arrangement.

3.7 An Eligible Holder who transfers Renewables Shares to TransAlta pursuant to Section 3.1(c) and receives TransAlta Shares as all or part of the consideration received by such holder under this Plan of Arrangement shall be entitled to make a joint election with TransAlta (the "**Joint Tax Election**") under subsection 85(1) or subsection 85(2) of the Tax Act (and the corresponding provisions of any applicable provincial tax legislation). A Joint Tax Election shall be made jointly by the Eligible Holder and TransAlta. To make a Joint Tax Election, an Eligible Holder must provide the relevant information, including the Joint Tax Election, to TransAlta through a website that will be made available for this purpose. This relevant information must be submitted to TransAlta through the website on or before the day that is 90 days following the Effective Date (the "**Tax Election Deadline**"). TransAlta may not make a Joint Tax Election with Eligible Holders who do not provide the relevant information through the website, including the Joint Tax Election, on or before the Tax Election Deadline. After receipt of all of the relevant information through the website, and provided that the information provided complies with the rules under the Tax Act regarding the Joint Tax Election, within 90 days from the Tax Election Deadline and in any case prior to March 31, 2024, TransAlta will deliver an executed copy of the Joint Tax Election containing the relevant information to the Eligible Holder. The Eligible Holder will be solely responsible for executing its portion of the Joint Tax Election and submitting it to the Canada

Revenue Agency (and, where applicable, to any provincial tax authority) within the required time. TransAlta will have no responsibility, or liability, in respect of any Joint Tax Election other than the specific requirements contemplated in this Section 3.7.

3.8 From and after the Effective Time, this Plan of Arrangement shall take precedence and priority over any and all Renewables DSUs issued or outstanding prior to the Effective Time and the applicable terms and conditions thereof, including the terms and conditions of the Renewables DSU Plan and any agreement, certificate or other instrument granting or confirming the grant of any such Renewables DSUs. All actions, causes of action, claims or proceedings (actual or contingent and whether or not previously asserted) based on or in any way relating to any Renewables DSUs shall be deemed to have been settled, compromised, released and determined without liability except as set forth herein. The rights of any Renewables DSU Holder with respect to the Renewables DSUs held by such Renewables DSU Holder immediately prior to the Effective Time, and the obligations of Renewables, TransAlta and the Depositary in relation thereto, shall be solely as provided for in this Plan of Arrangement.

ARTICLE 4
DISSENTING SHAREHOLDERS

4.1 Each registered Renewables Shareholder may exercise Dissent Rights with respect to the Renewables Shares held by such registered Renewables Shareholder in connection with the Arrangement pursuant to and in the manner set forth in section 190 of the CBCA, as modified by the Interim Order and this Article 4. Dissenting Shareholders who duly exercise their Dissent Rights shall be deemed to have transferred the Renewables Shares held by them and in respect of which Dissent Rights have been validly exercised to TransAlta free and clear of all Liens as provided in Section 3.1(a) and if they:

(a) are ultimately entitled to be paid fair value for their Renewables Shares shall: (i) be deemed not to have participated in the transactions in Section 3.1 hereof, other than the transaction in Subsection 3.1(a); (ii) be entitled to be paid an amount equal to such fair value by TransAlta; and (iii) not be entitled to any other payment or consideration, including any payment that would be payable under the Arrangement had such Dissenting Shareholders not exercised their Dissent Rights in respect of such Renewables Shares; or

(b) are ultimately not entitled, for any reason, to be paid fair value for their Renewables Shares shall be deemed to have participated in the Arrangement, as of the Effective Time, on the same basis as a non-dissenting holder of Renewables Shares who did not deposit with the Depositary a duly completed Letter of Transmittal prior to the Election Deadline.

4.2 The fair value of the Renewables Shares for the purposes of Subsection 4.1(a) shall be determined as of the close of business on the last Business Day before the day on which the Arrangement Resolution is approved by the Renewables Shareholders.

4.3 In no event shall TransAlta or Renewables be required to recognize any Dissenting Shareholder as a Renewables Shareholder after the Effective Time and the names of such holders shall be removed from the register of Renewables Shareholders as at the Effective Time.

4.4 For greater certainty, in addition to any other restrictions in section 190 of the CBCA, any Person who has voted (including by way of instructing a proxy holder to vote) their Renewables Shares in favour of the Arrangement Resolution shall not be entitled to exercise Dissent Rights (but only in respect of such Renewables Shares). In addition, a Dissenting Shareholder may only exercise Dissent Rights in respect of all, and not less than all, of its Renewables Shares.

4.5 Notwithstanding subsection 190(5) of the CBCA, the written notice setting forth such registered Renewables Shareholder's objection to the Arrangement Resolution must be received in

accordance with the Interim Order by no later than 5:00 p.m. (Calgary time) on the third Business Day immediately prior to the date of the Renewables Meeting.

ARTICLE 5
OUTSTANDING CERTIFICATES AND FRACTIONAL SHARES

5.1 Deposit of Renewables Share Consideration and Renewables Cash Consideration

TransAlta shall issue and deliver, as applicable, to the Depositary: (i) prior to the Effective Time, an irrevocable treasury order authorizing the Depositary, as the registrar and transfer agent for the TransAlta Shares, to issue certificates representing the aggregate number of TransAlta Shares to which the Renewables Shareholders are entitled in accordance with the terms of the Arrangement; and (ii) no later than the Business Day immediately prior to the Effective Date, by way of wire transfer, certified cheque or bank draft, an amount equal to the aggregate amount of the Renewables Cash Consideration that Renewables Shareholders are entitled to receive in accordance with the terms of the Arrangement.

5.2 Delivery of Renewables Share Consideration and Renewables Cash Consideration by Depositary

Promptly following the Effective Time, upon receipt of the treasury order and the aggregate amount of Renewables Cash Consideration delivered by TransAlta pursuant to Section 5.1, the Depositary shall cause certificates representing TransAlta Shares and a cheque representing the aggregate Renewables Cash Consideration that a Renewables Shareholder has the right to receive under the Arrangement for Renewables Shares, less any amounts withheld pursuant to Article 6, to be forwarded to those Persons who have deposited with the Depositary the certificates for Renewables Shares, a duly completed and signed Letter of Transmittal and such documents and instruments as the Depositary may reasonably require. Such certificates and cheque shall, if elected by the Renewables Shareholder in the Letter of Transmittal, be held for pick-up at the noted offices of the Depositary and, in the absence of such election, shall be forwarded by first class mail, postage pre-paid, to the Person and at the address specified in the relevant Letter of Transmittal or, if no address has been specified therein, at the address specified for the particular Renewables Shareholder in the register of Renewables Shareholders. Certificates mailed pursuant hereto will be deemed to have been delivered at the time of delivery thereof to the post office. The cash deposited with the Depositary shall be held in an interest-bearing account, and any interest earned on such funds shall be for the account of TransAlta.

5.3 Rights of Holders

Until the Renewables Shareholder deposits the certificates for Renewables Shares, the duly completed and signed Letter of Transmittal and the documents and instruments reasonably required by the Depositary in accordance with Section 5.2, each certificate that immediately prior to the Effective Time represented Renewables Shares shall be deemed after the Effective Time to represent only the right to receive, upon such deposit, the aggregate TransAlta Shares and the Renewables Cash Consideration, as applicable, to which such former holder of Renewables Shares is entitled under the Arrangement and this Plan of Arrangement or, as to those certificates held by Dissenting Shareholders, other than those Dissenting Shareholders deemed to have participated in the Arrangement pursuant to Subsection 4.1(b), the right to receive the fair value of the Renewables Shares represented by such certificates as set out in Article 4.

5.4 Registration of TransAlta Shares

The Depositary shall register TransAlta Shares in the name of each Renewables Shareholder entitled thereto or as otherwise instructed in the Letter of Transmittal deposited by such Renewables Shareholder as of the Effective Date and shall deliver such TransAlta Shares in accordance with Section 5.2.

5.5 Lost Certificates

In the event any certificate which immediately prior to the Effective Time represented one or more outstanding Renewables Shares that were exchanged pursuant to Section 3.1 shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the Person claiming such certificate to have been lost, stolen or destroyed, the Depositary will issue and deliver in exchange for such lost, stolen or destroyed certificate the consideration deliverable in accordance with Section 3.1. The Person who is entitled to receive such consideration shall, as a condition precedent to the receipt thereof, give a bond to TransAlta, Renewables and their respective transfer agents in form and substance satisfactory to TransAlta, Renewables and their respective transfer agents, or otherwise indemnify TransAlta, Renewables and their respective transfer agents, to the reasonable satisfaction of such Parties, against any claim that may be made against any of them with respect to the certificate alleged to have been lost, stolen or destroyed.

5.6 Distributions with Respect to Unsurrendered Certificates

No dividend or other distribution declared or made after the Effective Time with respect to TransAlta Shares with a record date after the Effective Time shall be delivered to the holder of any unsurrendered certificate that, immediately prior to the Effective Time, represented outstanding Renewables Shares unless and until the holder of such certificate shall have complied with the provisions of Section 5.2 or Section 5.5. Subject to Applicable Law, and to the extent applicable, at the time of such compliance, there shall, in addition to the delivery of a certificate representing any TransAlta Shares to which such holder is thereby entitled, be delivered to such holder, without interest, the amount of the dividend or other distribution with a record date after the Effective Time theretofore paid with respect to such TransAlta Shares.

5.7 Book-Based Registrations

For the purposes of this Article 5, any reference to a “certificate” shall include evidence of registered ownership of Renewables Shares or TransAlta Shares in an electronic book-based system maintained by the registrar and transfer agent of the Renewables Shares or TransAlta Shares, and the provisions of this Article 5 shall be read and construed (and where applicable, modified) to give effect to such interpretation.

5.8 Termination of Rights

Subject to Applicable Laws relating to unclaimed property, any certificate formerly representing Renewables Shares that is not deposited with all other documents as required by this Plan of Arrangement, or any payment made by way of cheque to the Depositary pursuant to this Plan of Arrangement that has been returned to the Depositary or that otherwise remains unclaimed on or before the day prior to the third anniversary of the Effective Date shall cease to represent a right or interest of or a claim by any former Renewables Shareholder of any kind or nature against TransAlta. On such date, the TransAlta Shares and the Renewables Cash Consideration to which the former holder of the certificate referred to in the preceding sentence was ultimately entitled, or the claim to payment hereunder that remains outstanding, as the case may be, shall be deemed to have been surrendered and forfeited to TransAlta, together with all entitlements to dividends or distributions thereon held for such former registered holder, for no consideration, and such shares and rights shall thereupon terminate and be cancelled and the name of the former registered holder shall be removed from the register of holders of such shares.

5.9 Fractional Shares and Rounding of Renewables Cash Consideration

(a) Notwithstanding anything contained herein, no fractional TransAlta Shares will be issued under this Plan of Arrangement. Where the aggregate number of TransAlta Shares issuable to a former registered Renewables Shareholder pursuant to Subsection 3.1(c) would result in a fraction of a TransAlta Share being issuable, such former Renewables Shareholder shall receive, in lieu of such fractional share, the nearest whole number of

TransAlta Shares rounded down. In calculating such fractional interests, all former Renewables Shares registered in the name of such former Renewables Shareholder shall be aggregated without regard to any underlying beneficial ownership of such former Renewables Shares.

(b) Notwithstanding anything contained herein, if the aggregate cash amount which a Renewables Shareholder is entitled to receive pursuant to Sections 3.1(c) and 3.2 would otherwise include a fraction of $0.01, then the aggregate cash amount to which such Renewables Shareholder shall be entitled to receive shall be rounded down to the nearest whole $0.01.

ARTICLE 6
WITHHOLDINGS

6.1 TransAlta, Renewables and the Depositary shall be entitled to deduct and withhold from any consideration otherwise payable to any former Renewables Shareholder or former Renewables DSU Holder under this Plan of Arrangement, including from any amount payable to any Dissenting Shareholder or any dividend or other distribution payable pursuant to Section 5.6 as the case may be, such amounts as TransAlta, Renewables or the Depositary is required to deduct and withhold from such consideration in accordance with the Tax Act, the *United States Internal Revenue Code of 1986*, or any other provision of any Applicable Laws. Any such amounts will be deducted and withheld from the consideration payable pursuant to this Plan of Arrangement and shall be treated for all purposes as having been paid to the former Renewables Shareholder or former Renewables DSU Holder in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted to the appropriate taxing authority. TransAlta, Renewables and the Depositary are hereby authorized to sell or otherwise dispose of such portion of the TransAlta Shares otherwise issuable to the holder as is necessary to provide sufficient funds to TransAlta, Renewables or the Depositary, as the case may be, to enable it to comply with such deduction or withholding requirement and TransAlta, Renewables or the Depositary shall notify the holder thereof and remit the applicable portion of the net proceeds of such sale to the appropriate taxing authority and shall remit to such holder any unapplied balance of the proceeds of such sale (after deducting applicable sale commissions and any other reasonable expenses relating thereto). To the extent that TransAlta Shares are so sold or disposed of, such withheld amounts, or such shares so sold or disposed of, shall be treated for all purposes as having been issued to the holder in respect of which such sale or disposition was made, provided that such net proceeds of such sale or disposition, as the case may be, are actually remitted to the appropriate taxing authority. TransAlta, Renewables and the Depositary shall not be obligated to seek or obtain a minimum price for any Renewables Shares sold or disposed of by it hereunder, nor shall TransAlta, Renewables or the Depositary be liable for any loss arising out of any such sale or disposition.

ARTICLE 7
AMENDMENTS

7.1 TransAlta and Renewables may amend, modify and/or supplement this Plan of Arrangement at any time and from time to time prior to the Effective Time, provided that each such amendment, modification and/or supplement must be: (i) set out in writing; (ii) approved by both Parties; (iii) filed with the Court and, if made following the Renewables Meeting, approved by the Court; and (iv) communicated to the Renewables Shareholders if and as required by the Court.

7.2 Any amendment, modification or supplement to this Plan of Arrangement may be proposed by TransAlta or Renewables at any time prior to or at the Renewables Meeting (provided that the other Party shall have consented thereto) with or without any other prior notice or communication, and if so proposed and accepted by Persons voting at the Renewables Meeting (other than as may be required under the Interim Order), shall become part of this Plan of Arrangement for all purposes.

7.3 Any amendment, modification or supplement to this Plan of Arrangement that is approved or directed by the Court following the Renewables Meeting shall be effective only: (i) if it is consented to in writing by each of TransAlta and Renewables (each acting reasonably); and (ii) if required by the Court, it is consented to by the Renewables Shareholders, voting in the manner directed by the Court.

7.4 Any amendment, modification or supplement to this Plan of Arrangement may be made following the Effective Date unilaterally by TransAlta provided that it concerns a matter which, in the reasonable opinion of TransAlta, is of an administrative nature required to better give effect to the implementation of this Plan of Arrangement.

SCHEDULE B

ARRANGEMENT RESOLUTION

BE IT RESOLVED AS A SPECIAL RESOLUTION OF THE HOLDERS OF COMMON SHARES OF TRANSALTA RENEWABLES INC. ("Renewables") THAT:

1. the arrangement (the "**Arrangement**") under section 192 of the *Business Corporations Act* (the "**CBCA**") of Renewables, pursuant to the arrangement agreement (the "**Arrangement Agreement**") between Renewables and TransAlta Corporation ("**TransAlta**") dated July 10, 2023, all as more particularly described and set forth in the management proxy circular of Renewables dated ●, 2023 (the "**Information Circular**") accompanying the notice of meeting (as the Arrangement may be modified or amended in accordance with its terms) is hereby authorized, approved and adopted;

2. the plan of arrangement of Renewables (as it has been or may be amended, modified or supplemented in accordance with the Arrangement Agreement and its terms (the "**Plan of Arrangement**")), the full text of which is attached as Appendix ● to the Information Circular, is hereby authorized, approved, ratified and confirmed;

3. Renewables be and is hereby authorized to apply for a final order from the Court of King's Bench of Alberta (the "**Court**") to approve the Arrangement on the terms set forth in the Arrangement Agreement and the Plan of Arrangement (as they may be amended, modified or supplemented and described in the Information Circular);

4. notwithstanding that this resolution has been duly passed and/or has received the approval of the Court, the board of directors of Renewables may, at its discretion and without further notice to or approval of the shareholders of Renewables: (i) amend or terminate the Arrangement Agreement or the Plan of Arrangement to the extent permitted by the Arrangement Agreement and approved by the Court; or (ii) subject to the terms of the Arrangement Agreement, determine not to proceed with the Arrangement and revoke this resolution at any time prior to the filing of articles of arrangement giving effect to the Arrangement;

5. any director or officer of Renewables is hereby authorized, for and on behalf of Renewables, to execute and file with the Director under the CBCA the articles of arrangement and such other documents as are necessary to give effect to the Arrangement in accordance with the Arrangement Agreement, and to execute, with or without the corporate seal, and, if appropriate, deliver all other documents and instruments and to do all other things as in the opinion of such director or officer may be necessary or desirable to implement this resolution and the matters authorized hereby, such determination to be conclusively evidenced by the execution and delivery of such articles of arrangement and any such document or instrument, and the taking of any such action; and

6. all actions heretofore taken by or on behalf of Renewables in connection with any matter referred to in any of the foregoing resolutions which were in furtherance of the Arrangement are hereby approved, ratified and confirmed in all respects.

APPENDIX C

INTERIM ORDER

COURT FILE NO.:	2301-10665
COURT	COURT OF KING'S BENCH OF ALBERTA
JUDICIAL CENTRE	CALGARY
MATTER	IN THE MATTER OF SECTION 192 OF THE *CANADA BUSINESS CORPORATIONS ACT,* RSC 1985, c C-44, AS AMENDED AND IN THE MATTER OF A PROPOSED ARRANGEMENT INVOLVING TRANSALTA RENEWABLES INC., TRANSALTA CORPORATION AND THE SHAREHOLDERS OF TRANSALTA RENEWABLES INC.
APPLICANT	TRANSALTA RENEWABLES INC.
RESPONDENT	NOT APPLICABLE
DOCUMENT	**INTERIM ORDER**
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	**STIKEMAN ELLIOTT LLP** Barristers and Solicitors Suite 4200, Bankers Hall West 888 3rd Street SW Calgary, Alberta, T2P 5C5 **Attention: Geoffrey D. Holub / Matti Lemmens** Telephone: (403) 266-9022 / 266-9064 Facsimile: (403) 266-9034 Email: GHolub@stikeman.com / MLemmens@stikeman.com File No.: 136802-1001

Clerk's Stamp

Filed on
August 24, 2023

Date on which Order was pronounced:	August 23, 2023
Name of Judge who made this Order:	The Honourable Justice M. H. Hollins
Location of Hearing:	Calgary Law Courts, Calgary, Alberta

UPON the Originating Application (the "**Originating Application**") of TransAlta Renewables Inc. ("**Renewables**" or the "**Applicant**") for an Interim Order pursuant to section 192 of the *Canada Business Corporations Act*, RSC 1985, c C-44, as amended (the "**CBCA**");

AND UPON reading the Originating Application, the affidavit of Allen Hagerman, sworn August 14, 2023 (the "**Affidavit**"), and the documents referred to therein;

AND UPON being advised that notice of the Originating Application has been given to the director appointed under section 260 of the CBCA (the "**Director**") as required under subsection 192(5) of the CBCA and that the Director does not consider it necessary to appear;

AND UPON hearing counsel for the Applicant;

FOR THE PURPOSES OF THIS ORDER:

(a) the capitalized terms not defined in this Order (the "**Order**") shall have the meanings attributed to them in the draft management information circular (the "**Information Circular**") of the Applicant, which is attached as Exhibit "A" to the Affidavit; and

(b) all references to "Arrangement" used herein mean the arrangement as set forth in the plan of arrangement attached as Schedule "A" to the arrangement agreement (the "**Arrangement Agreement**") dated July 10, 2023 between the Applicant and TransAlta Corporation ("**TransAlta**"), which Arrangement Agreement is attached as Appendix "B" to the Information Circular.

IT IS HEREBY ORDERED THAT:

General

1. The Applicant shall seek approval of the Arrangement as described in the Information Circular by the holders (the "**Shareholders**") of common shares of Renewables (the "**Shares**"), in the manner set forth below.

The Meeting

2. The Applicant shall call and conduct a special meeting (the "**Meeting**") of Shareholders on or about September 26, 2023.

3. At the Meeting, the Shareholders will consider, pursuant to this Order as the same may be amended, and vote upon a resolution to approve the Arrangement substantially in the form attached as Appendix "A" to the Information Circular (the "**Arrangement Resolution**") and transact such other business as may properly be brought before the Meeting or any adjournment or postponement thereof, all as more particularly described in the Information Circular.

4. In accordance with the by-laws of the Applicant and this Order, a quorum at the Meeting shall be two persons present and holding or representing by proxy at least 25% of the Shares entitled to vote at the Meeting. For greater certainty, TransAlta's proxy shall count for the purposes of determining quorum at the Meeting.

5. If within 30 minutes from the time appointed for the Meeting, a quorum is not present, the Meeting shall stand adjourned to a date not less than two (2) and not more than 30 days later, as may be determined by the chair of the Meeting (the "**Chair**"). No notice of the adjourned Meeting shall be required and, if at such adjourned Meeting a quorum is not present, the Shareholders present at the adjourned Meeting in person or represented by proxy shall constitute a quorum for all purposes.

6. Each Share entitled to be voted at the Meeting will entitle the holder to one vote at the Meeting in respect of the Arrangement Resolution and any other matters to be considered at the Meeting. The votes of certain parties will be excluded for the purposes of obtaining majority of the minority approval in accordance with Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*.

7. The record date for Shareholders entitled to receive notice of and vote at the Meeting is August 24, 2023 (the "**Record Date**"). Only Shareholders whose names have been entered on the applicable register of Shares at the close of business on the Record Date will be entitled to receive notice of and to vote at the Meeting. The Record Date for Shareholders entitled to receive notice of and to vote at the Meeting will not change in respect of or as a consequence of any adjournment or postponement of the Meeting.

8. The Chair of the Meeting shall be the Chair of the special committee of the Renewables board of directors comprised of independent directors to consider the Arrangement. If no such person is present at the Meeting, the Chair shall be determined in accordance with the applicable provisions of the by-laws of the Applicant.

Conduct of the Meeting

9. The Meeting shall be called, held and conducted in accordance with the applicable provisions of the CBCA, the articles and by-laws of the Applicant in effect at the relevant time, the Information Circular, the rulings and directions of the Chair, this Order and any further Order of this Court. To the extent that there is any inconsistency or discrepancy between this Order and the CBCA or the articles or by-laws of the Applicant, the terms of this Order shall govern.

10. The only persons entitled to attend the Meeting shall be:

(a) Shareholders as at the Record Date or their authorized proxy holders, and their respective advisors;

(b) the scrutineer and its representatives for that purpose;

(c) the Applicant's directors, officers, legal counsel, advisors and auditors;

(d) the Director;

(e) representatives of TransAlta and its legal counsel, advisors and representatives;

(f) representatives and legal counsel of persons subject to the Arrangement; and

(g) such other persons who may be permitted to attend by the Chair.

11. The number of votes required to pass the Arrangement Resolution shall be:

(a) not less than 66⅔% of the votes cast by Shareholders present in person or represented by proxy at the Meeting, in the manner set forth in the Information Circular; and

(b) a simple majority of the votes cast on the Arrangement Resolution by the Shareholders present in person or represented by proxy at the Meeting after excluding the votes cast by those persons whose votes are required to be excluded in accordance with Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*.

12. To be valid, a proxy must be deposited with Renewables' transfer agent and registrar, Computershare Investor Services Inc., in the manner described in the Information Circular.

13. The accidental omission to give notice of the Meeting or the non-receipt of the notice shall not invalidate any resolution passed or proceedings taken at the Meeting.

14. The Applicant is authorized to adjourn or postpone the Meeting on one or more occasions (whether or not a quorum is present) and for such period or periods of time as the Applicant deems advisable, without the necessity of first convening the Meeting or first obtaining any vote of the Shareholders in respect of the adjournment or postponement, provided that such adjournment or postponement is made in compliance with the Arrangement Agreement and this Order. Notice of such adjournment or postponement may be given by such method as the Applicant determines is appropriate in the circumstances. If the Meeting is adjourned or postponed in accordance with this Order (including paragraph 5 herein), the references to the Meeting in this Order shall be deemed to be the Meeting as adjourned or postponed, as the context allows. No adjournment or

postponement of the Meeting shall have the effect of modifying the Record Date for persons entitled to receive notice of or vote at the Meeting.

Amendments to the Arrangement

15. The Applicant and TransAlta are authorized to make such amendments, revisions or supplements to the Arrangement as they may together determine necessary or desirable, provided that such amendments, revisions or supplements are made in accordance with and in the manner contemplated by the Arrangement and Arrangement Agreement. The Arrangement so amended, revised or supplemented shall be deemed to be the Arrangement submitted to the Meeting and the subject of the Arrangement Resolution, without need to return to this Court to amend this Order.

Amendments to Meeting Materials

16. The Applicant is authorized to make such amendments, revisions or supplements ("**Additional Information**") to the Information Circular, form of proxy ("**Proxy**"), notice of the Meeting, form of letter of transmittal ("**Letter of Transmittal**") and notice of Originating Application ("**Notice of Originating Application**") as it may determine, provided such amendments, revisions or supplements are made in accordance with the Arrangement Agreement or in order to address any comments from the applicable securities regulatory authorities. The Applicant may disclose such Additional Information, including material changes, by the method and in the time most reasonably practicable in the circumstances as determined by the Applicant and without being required to deliver an amendment to the Information Circular to the Shareholders, provided that if any comments from the applicable securities regulatory authorities require any amendment to the Information Circular, such amendment to the Information Circular shall be filed under the Applicant's SEDAR+ profile at www.sedarplus.ca. Without limiting the generality of the foregoing, if any material change or material fact arises between the date of this Order and the date of the Meeting, which change or fact, if known prior to mailing of the Information Circular, would have been required to be disclosed in the Information Circular, then:

(a) the Applicant shall advise the Shareholders of the material change or material fact by disseminating a news release (a "**News Release**") in accordance with applicable securities laws and the policies of the Toronto Stock Exchange; and

(b) provided that the News Release describes the applicable material change or material fact in reasonable detail, the Applicant shall not be required to deliver an amendment to the Information Circular to the Shareholders or otherwise give notice to the Shareholders of the material change or material fact other than dissemination and filing of the News Release as aforesaid.

Dissent Rights

17. Registered Shareholders (each, a "**Registered Shareholder**") are, subject to the provisions of this Order and the Arrangement, accorded the right to dissent under section 190 of the CBCA with respect to the Arrangement Resolution, as modified by this Order and the Arrangement, and the right to be paid the fair value of their Shares by TransAlta in respect of which such right to dissent was validly exercised and has not been withdrawn or deemed to have been withdrawn (the "**Dissent Entitlement**").

18. In order for a dissenting Registered Shareholder (a "**Dissenting Shareholder**") to exercise such right to dissent under section 190 of the CBCA:

    (a) notwithstanding subsection 190(5) of the CBCA, the Dissenting Shareholder's written objection to the Arrangement Resolution must be received by the Applicant, care of its solicitors, Stikeman Elliott LLP, not later than 5:00 p.m. (Calgary time) on the day that is two Business Days immediately preceding the date that the Meeting, or any adjournment or postponement of the Meeting, is reconvened or held, as the case may be;

    (b) a Dissenting Shareholder shall, no later than the date on which it delivers its objection as contemplated by paragraph 18(a) herein, send the certificates representing the Shares in respect of which the Dissenting Shareholder dissents to the Applicant or its transfer agent;

    (c) a vote against the Arrangement Resolution, whether in person or by proxy, shall not constitute a written objection to the Arrangement Resolution as required under clause 18(a) herein;

    (d) a Dissenting Shareholder shall not have voted their Shares at the Meeting, either by proxy or in person, in favour of the Arrangement Resolution;

    (e) a Dissenting Shareholder may dissent only with respect to all of the Shares held by such Dissenting Shareholder, or on behalf of any one beneficial owner and registered in the Dissenting Shareholder's name and, except in respect of a dissent of all of the Shares held in respect of a beneficial owner, a Dissenting Shareholder shall not exercise the right of dissent in respect of only a portion of the Dissenting Shareholder's Shares; and

    (f) the exercise of such right to dissent must otherwise comply with the requirements of section 190 of the CBCA, as modified by this Order and the Arrangement.

19. The fair value of the consideration to which a Dissenting Shareholder is entitled under the Dissent Entitlement shall be determined as of the close of business on the last Business Day before the

day on which the Arrangement Resolution is approved by the Shareholders and provided that the Arrangement is completed in respect of the Shareholders. The Dissent Entitlement shall be dealt with as contemplated by the Arrangement and this Order.

20. Dissenting Shareholders who validly exercise their right to dissent, as set out in paragraphs 17 and 18 herein, and who:

    (a) are determined to be entitled to be paid the fair value of their Shares, shall be deemed to have transferred such Shares as of the completion of the transfer under section 3.1(a) of the Arrangement (the "**Dissent Effective Time**"), without any further act or formality and free and clear of all Liens to TransAlta in exchange for the Dissent Entitlement; or

    (b) are, for any reason (including, for clarity, any withdrawal or deemed withdrawal by any Dissenting Shareholder of their dissent) determined not to be entitled to be paid the fair value for their Shares shall be deemed to have participated in the Arrangement on the same basis as a non-dissenting Shareholder that failed to submit an election in respect of the consideration available under the Arrangement and such Shares will be deemed to be exchanged for such consideration under the Arrangement,

    but in no event shall the Applicant, TransAlta or any other person be required to recognize such Dissenting Shareholders as holders of Shares after the Dissent Effective Time, and the names of such Dissenting Shareholders shall be removed from the register of Shares as of such time.

21. Subject to further order of this Court, the rights available to Shareholders under the CBCA and the Arrangement to dissent from the Arrangement Resolution shall constitute full and sufficient rights of dissent for such Shareholders with respect to the Arrangement Resolution.

22. The Arrangement Agreement provides that TransAlta's obligation to complete the Arrangement is subject to Renewables Shareholders holding not more than 10% of the issued and outstanding Renewables Shares shall have validly exercised rights of dissent in respect of the Arrangement that have not been withdrawn as of the Effective Date.

23. Notice to the Shareholders of their rights to dissent with respect to the Arrangement Resolution and to receive, subject to the provisions of the CBCA, this Order and the Arrangement, the fair value of the consideration to which a Dissenting Shareholder is entitled pursuant to the Arrangement shall be sufficiently given by including information with respect to these rights as set forth in the Information Circular which is to be sent to Shareholders in accordance with paragraph 24 of this Order.

Notice

24. The Information Circular, substantially in the form attached as Exhibit "A" to the Affidavit, with such amendments thereto as counsel to the Applicant or TransAlta may determine necessary or desirable (provided such amendments are not inconsistent with the terms of this Order), and including the Notice of the Meeting, the Proxy, the Notice of Originating Application and this Order, together with any other communications or documents determined by the Applicant to be necessary or advisable, including the Letter of Transmittal (collectively, the "**Meeting Materials**"), shall be sent to those Shareholders who hold Shares, as of the Record Date, the directors of the Applicant, the auditors of the Applicant, and the Director by one or more of the following methods:

    (a) in the case of registered Shareholders, by pre-paid first class or ordinary mail, by courier or by delivery in person, addressed to each such holder at his, her or its address, as shown on the books and records of the Applicant as of the Record Date not later than 21 days prior to the Meeting;

    (b) in the case of non-registered Shareholders, by providing sufficient copies of the Meeting Materials to intermediaries (or their agents), in accordance with National Instrument 54 - 101 - *Communication With Beneficial Owners of Securities of a Reporting Issuer*;

    (c) in the case of the directors and auditors of the Applicant, by email, pre-paid first class or ordinary mail, by courier or by delivery in person, addressed to the individual directors or firm of auditors, as applicable, not later than 21 days prior to the date of the Meeting; and

    (d) in the case of the Director, by facsimile, electronic mail or other electronic means, by courier or by delivery in person, addressed to the Director not later than 21 days prior to the date of the Meeting.

25. Delivery of the Meeting Materials in the manner directed by this Order shall be deemed to be good and sufficient service upon the Shareholders, the directors and auditors of the Applicant and the Director of every document contained in the Meeting Materials.

Final Application

26. Subject to further order of this Court, and provided that the conditions precedent in the Arrangement Agreement have been satisfied or waived, Shareholders have approved the Arrangement in the manner directed by this Court and the directors of the Applicant and the directors of TransAlta have not revoked their approval, the Applicant may proceed with an application for a final Order of the Court approving the Arrangement (the "**Final Order**") on October 4, 2023 at 2:00 p.m. (Calgary

time) or so soon thereafter as counsel may be heard. Subject to the Final Order, the issuance of the certificate of arrangement, the Applicant, all Shareholders and all other persons affected thereby will be bound by the Arrangement in accordance with its terms.

27. Any Shareholder or other interested party (each an "**Interested Party**") desiring to appear and make submissions at the application for the Final Order is required to file with this Court and serve upon the Applicant, by service on the Applicant's counsel so that it is received on or before 12:00 p.m. (Calgary time) on September 28, 2023, a notice of intention to appear (the "**Notice of Intention to Appear**") including the Interested Party's address for service (or alternatively, a facsimile number for service by facsimile or an email address for service by electronic mail), indicating whether such Interested Party intends to support or oppose the application or make submissions at the application, together with a summary of the position such Interested Party intends to advocate before the Court, and any evidence or materials which are to be presented to the Court. Service of this Notice of Intention to Appear on the Applicant shall be effected by service upon the solicitors for the Applicant, Stikeman Elliott LLP, by e-mail or registered mail as follows:

> Stikeman Elliott LLP
> Suite 4200, Bankers Hall West, 888 3rd Street SW
> Calgary, AB T2P 5C5 Canada
>
> Attention: Geoffrey D. Holub / Matti Lemmens
> Email: GHolub@stikeman.com / MLemmens@stikeman.com

28. In the event that the application for the Final Order is adjourned, only those parties appearing before this Court for the Final Order, and those Interested Parties serving a Notice of Intention to Appear in accordance with paragraph 27 herein, shall have notice of the adjourned date.

Leave to Vary Interim Order

29. The Applicant is entitled at any time to seek leave to vary this Order upon such terms and the giving of such notice as this Court may direct.

(signed) "*Justice M. H. Hollins*"

Justice of the Court of King's Bench of Alberta

APPENDIX D

SECTION 190 OF THE *CANADA BUSINESS CORPORATIONS ACT*

Right to dissent

190 (1) Subject to sections 191 and 241, a holder of shares of any class of a corporation may dissent if the corporation is subject to an order under paragraph 192(4)(d) that affects the holder or if the corporation resolves to

(a) amend its articles under section 173 or 174 to add, change or remove any provisions restricting or constraining the issue, transfer or ownership of shares of that class;

(b) amend its articles under section 173 to add, change or remove any restriction on the business or businesses that the corporation may carry on;

(c) amalgamate otherwise than under section 184;

(d) be continued under section 188;

(e) sell, lease or exchange all or substantially all its property under subsection 189(3); or

(f) carry out a going-private transaction or a squeeze-out transaction.

Further right

(2) A holder of shares of any class or series of shares entitled to vote under section 176 may dissent if the corporation resolves to amend its articles in a manner described in that section.

If one class of shares

(2.1) The right to dissent described in subsection (2) applies even if there is only one class of shares.

Payment for shares

(3) In addition to any other right the shareholder may have, but subject to subsection (26), a shareholder who complies with this section is entitled, when the action approved by the resolution from which the shareholder dissents or an order made under subsection 192(4) becomes effective, to be paid by the corporation the fair value of the shares in respect of which the shareholder dissents, determined as of the close of business on the day before the resolution was adopted or the order was made.

No partial dissent

(4) A dissenting shareholder may only claim under this section with respect to all the shares of a class held on behalf of any one beneficial owner and registered in the name of the dissenting shareholder.

Objection

(5) A dissenting shareholder shall send to the corporation, at or before any meeting of shareholders at which a resolution referred to in subsection (1) or (2) is to be voted on, a written objection to the resolution, unless the corporation did not give notice to the shareholder of the purpose of the meeting and of their right to dissent.

Notice of resolution

(6) The corporation shall, within ten days after the shareholders adopt the resolution, send to each shareholder who has filed the objection referred to in subsection (5) notice that the resolution has been adopted, but such notice is not required to be sent to any shareholder who voted for the resolution or who has withdrawn their objection.

Demand for payment

(7) A dissenting shareholder shall, within twenty days after receiving a notice under subsection (6) or, if the shareholder does not receive such notice, within twenty days after learning that the resolution has been adopted, send to the corporation a written notice containing

(a) the shareholder's name and address;

(b) the number and class of shares in respect of which the shareholder dissents; and

(c) a demand for payment of the fair value of such shares.

Share certificate

(8) A dissenting shareholder shall, within thirty days after sending a notice under subsection (7), send the certificates representing the shares in respect of which the shareholder dissents to the corporation or its transfer agent.

Forfeiture

(9) A dissenting shareholder who fails to comply with subsection (8) has no right to make a claim under this section.

Endorsing certificate

(10) A corporation or its transfer agent shall endorse on any share certificate received under subsection (8) a notice that the holder is a dissenting shareholder under this section and shall forthwith return the share certificates to the dissenting shareholder.

Suspension of rights

(11) On sending a notice under subsection (7), a dissenting shareholder ceases to have any rights as a shareholder other than to be paid the fair value of their shares as determined under this section except where

(a) the shareholder withdraws that notice before the corporation makes an offer under subsection (12),

(b) the corporation fails to make an offer in accordance with subsection (12) and the shareholder withdraws the notice, or

(c) the directors revoke a resolution to amend the articles under subsection 173(2) or 174(5), terminate an amalgamation agreement under subsection 183(6) or an application for continuance under subsection 188(6), or abandon a sale, lease or exchange under subsection 189(9),

in which case the shareholder's rights are reinstated as of the date the notice was sent.

Offer to pay

(12) A corporation shall, not later than seven days after the later of the day on which the action approved by the resolution is effective or the day the corporation received the notice referred to in subsection (7), send to each dissenting shareholder who has sent such notice

(a) a written offer to pay for their shares in an amount considered by the directors of the corporation to be the fair value, accompanied by a statement showing how the fair value was determined; or

(b) if subsection (26) applies, a notification that it is unable lawfully to pay dissenting shareholders for their shares.

Same terms

(13) Every offer made under subsection (12) for shares of the same class or series shall be on the same terms.

Payment

(14) Subject to subsection (26), a corporation shall pay for the shares of a dissenting shareholder within ten days after an offer made under subsection (12) has been accepted, but any such offer lapses if the corporation does not receive an acceptance thereof within thirty days after the offer has been made.

Corporation may apply to court

(15) Where a corporation fails to make an offer under subsection (12), or if a dissenting shareholder fails to accept an offer, the corporation may, within fifty days after the action approved by the resolution is effective or within such further period as a court may allow, apply to a court to fix a fair value for the shares of any dissenting shareholder.

Shareholder application to court

(16) If a corporation fails to apply to a court under subsection (15), a dissenting shareholder may apply to a court for the same purpose within a further period of twenty days or within such further period as a court may allow.

Venue

(17) An application under subsection (15) or (16) shall be made to a court having jurisdiction in the place where the corporation has its registered office or in the province where the dissenting shareholder resides if the corporation carries on business in that province.

No security for costs

(18) A dissenting shareholder is not required to give security for costs in an application made under subsection (15) or (16).

Parties

(19) On an application to a court under subsection (15) or (16),

(a) all dissenting shareholders whose shares have not been purchased by the corporation shall be joined as parties and are bound by the decision of the court; and

(b) the corporation shall notify each affected dissenting shareholder of the date, place and consequences of the application and of their right to appear and be heard in person or by counsel.

Powers of court

(20) On an application to a court under subsection (15) or (16), the court may determine whether any other person is a dissenting shareholder who should be joined as a party, and the court shall then fix a fair value for the shares of all dissenting shareholders.

Appraisers

(21) A court may in its discretion appoint one or more appraisers to assist the court to fix a fair value for the shares of the dissenting shareholders.

Final order

(22) The final order of a court shall be rendered against the corporation in favour of each dissenting shareholder and for the amount of the shares as fixed by the court.

Interest

(23) A court may in its discretion allow a reasonable rate of interest on the amount payable to each dissenting shareholder from the date the action approved by the resolution is effective until the date of payment.

Notice that subsection (26) applies

(24) If subsection (26) applies, the corporation shall, within ten days after the pronouncement of an order under subsection (22), notify each dissenting shareholder that it is unable lawfully to pay dissenting shareholders for their shares.

Effect where subsection (26) applies

(25) If subsection (26) applies, a dissenting shareholder, by written notice delivered to the corporation within thirty days after receiving a notice under subsection (24), may

(a) withdraw their notice of dissent, in which case the corporation is deemed to consent to the withdrawal and the shareholder is reinstated to their full rights as a shareholder; or

(b) retain a status as a claimant against the corporation, to be paid as soon as the corporation is lawfully able to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of the corporation but in priority to its shareholders.

Limitation

(26) A corporation shall not make a payment to a dissenting shareholder under this section if there are reasonable grounds for believing that

(a) the corporation is or would after the payment be unable to pay its liabilities as they become due; or

(b) the realizable value of the corporation's assets would thereby be less than the aggregate of its liabilities.

APPENDIX E

NBF FORMAL VALUATION AND FAIRNESS OPINION

July 10, 2023

The Independent Committee of the
Board of Directors of TransAlta Renewables Inc.
TransAlta Place
Suite 1400, 1100 1st Street Southeast
Calgary, Alberta
T2G 1B1

To the Independent Committee:

National Bank Financial Inc. ("**NBF**") understands that TransAlta Renewables Inc. ("**Renewables**" or the "**Company**") proposes to enter into an arrangement agreement to be dated July 10, 2023 (the "**Arrangement Agreement**") with TransAlta Corporation ("**TAC**" or the "**Controlling Shareholder**") pursuant to which the Controlling Shareholder will acquire all of the issued and outstanding common shares of the Company not already owned (directly or indirectly) by the Controlling Shareholder (the "**Transaction**"). Holders of the common shares of the Company ("**Common Shares**" and holders thereof the "**Shareholders**"), other than the Controlling Shareholder, will receive either 1.0337 TAC common shares (the "**Non-Cash Consideration**") or $13.00 per Common Share (the "**Cash Consideration**", and, together with the Non-Cash Consideration, the "**Consideration**"), subject to pro ration based on a maximum aggregate Cash Consideration of $800 million and a maximum aggregate share issuance of 46,441,779 shares. Completion of the Transaction will be subject to the satisfaction of certain conditions, including the requisite approvals of the Shareholders. NBF understands that a meeting of the Shareholders (the "**Meeting**") will be called to seek such Shareholder approval.

The Controlling Shareholder directly or indirectly owns or exercises control over approximately 60.1% of the issued and outstanding Common Shares. NBF understands that the Controlling Shareholder intends to vote its Common Shares in favour of the Transaction at the Meeting.

NBF understands that a committee (the "**Independent Committee**") of independent members of the board of directors (the "**Board**") of Renewables has been constituted to evaluate the Transaction and make recommendations thereon to the Board. NBF understands that the terms of the Transaction, the Arrangement Agreement, the Plan of Arrangement and the Support Agreements (as defined herein) will be more fully described in a management information circular (the "**Circular**") prepared by the Company, which will be mailed to the Shareholders in connection with the Meeting.

The members of the Independent Committee and other members of the Board have entered into support and voting agreements (the "**Support Agreements**") with TAC to, among other things, vote their Common Shares in favour of the Transaction.

NBF has been advised by the Independent Committee that the Transaction is a "business combination" within the meaning of *Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**"). The Independent Committee has retained NBF to prepare and deliver to the Independent Committee, on behalf of the Board, a formal valuation of the Common Shares in accordance with the requirements of MI 61-101 (the "**Valuation**"). The Independent Committee has also retained NBF to prepare and deliver an opinion (the "**Fairness Opinion**") to the Independent Committee, as to whether

the Consideration to be received by Shareholders pursuant to the Transaction is fair, from a financial point of view, to such Shareholders, other than the Controlling Shareholder. This Valuation and the Fairness Opinion have been prepared in accordance with the disclosure standards for formal valuations and fairness opinions of the Canadian Investment Regulatory Organization ("**CIRO**"), but CIRO has not been involved in the preparation or review of this formal valuation.

The Independent Committee has determined that the NBF Fairness Opinion and Valuation need not include an estimate of the value or range of values of the Non-Cash Consideration, given that: (a) the TAC common shares are listed on the TSX, (b) Renewables has no knowledge of any material information concerning TAC or the TAC common shares that has not been generally disclosed, (c) the market for the TAC common shares is a "liquid market" (as that term is defined in MI 61-101), (d) the TAC common shares to be issued in connection with the Transaction constitute less than 25% of the number of TAC common shares that are outstanding immediately before the Transaction is completed, and (e) the TAC commons shares to be issued in connection with the Transaction will be freely tradeable under applicable Canadian securities laws at the time the Transaction is completed. In light of the foregoing, NBF is of the opinion that a valuation of the TAC common shares is not required.

All dollar amounts herein are expressed in Canadian dollars, unless stated otherwise.

ENGAGEMENT OF NATIONAL BANK FINANCIAL

The Independent Committee initially contacted NBF in September 2020 regarding a potential assignment to prepare and deliver a valuation in conformity with MI 61-101 and a fairness opinion in connection with the Transaction. NBF was formally engaged by the Independent Committee through an agreement dated October 6, 2020. As will be detailed in the Background to the Arrangement section of the Circular, throughout 2020, 2021, and 2022, NBF continually provided financial advisory services to the Independent Committee as negotiations between the Company and the Controlling Shareholder progressed over time.

The Independent Committee contacted NBF on May 31, 2023 to inform NBF that it had received a new proposal from TAC. NBF was formally re-engaged by the Independent Committee through an agreement dated June 1, 2023 between the Independent Committee and NBF (the "**Engagement Agreement**"). The terms of the Engagement Agreement provide for the payment of: (i) a fixed fee by the Company upon delivery to the Independent Committee of the Valuation and the Fairness Opinion; and (ii) a fixed monthly fee by the Company for the duration of the process. NBF has been engaged to provide a Fairness Opinion and the Valuation to the Independent Committee only in respect of the Consideration to be received by Shareholders (other than the Controlling Shareholder) in connection with the Transaction. Furthermore, NBF has provided a Valuation only with respect to the Common Shares and has not provided any valuation with respect to the common shares of TAC that a Shareholder may receive as consideration if it elects to do so under the Transaction. None of the fees payable to NBF are contingent upon the conclusions reached by NBF in the Valuation or the Fairness Opinion or on the completion of the Transaction. In the Engagement Agreement, the Company has agreed to indemnify NBF in respect of certain liabilities that might arise out of its engagement and to reimburse it for its reasonable expenses. NBF consents to the inclusion of the Valuation and the Fairness Opinion in their entirety and a summary thereof in the Circular and to the filing thereof by the Company with the securities commissions or similar regulatory authorities in each province and territory of Canada.

RELATIONSHIP WITH INTERESTED PARTIES

Neither NBF nor any "affiliated entity" (as such term is defined in MI 61-101) of NBF (i) is an "issuer insider", "associated entity" or "affiliated entity" (as those terms are defined in MI 61-101) of the Controlling Shareholder or any other "interested party" (as such term is defined in MI 61-101 for purposes of a "business combination" as defined in MI 61-101) in the Transaction (the Controlling Shareholder and

any other "interested party" are each an "interested party" and collectively, the "interested parties" within the meaning of MI 61-101); (ii) acts as a advisor to an interested party in respect of the Transaction; (iii) is the external auditor of the Company or of an interested party; (iv) has a material financial interest in the completion of the Transaction; (v) has a material financial interest in future business under an agreement, commitment or understanding involving the Company, an interested party or an associated or affiliated entity of the Company or an interested party; (vi) during the 24 months before NBF was first contacted by the Company in respect of the Transaction, has (a) had a material involvement in an evaluation, appraisal or review of the financial condition of an interested party or an associated or affiliated entity of an interested party, (b) had a material involvement in an evaluation, appraisal or review of the financial condition of the Company or an associated or affiliated entity of the Company, if the evaluation, appraisal or review was carried out at the direction or request of any interested party or paid for by an interested party, (c) acted as a lead or co-lead underwriter of a distribution of securities by an interested party, or acted as a lead or co-lead underwriter of a distribution of securities by the Company if the retention of the underwriter was carried out at the direction or request of an interested party or paid for by an interested party, (d) had a material financial interest in a transaction involving an interested party, or (e) had a material financial interest in a transaction involving the Company; or (vii) is (x) a lead or co-lead lender or manager of a lending syndicate in respect of the Transaction, or (y) a lender of a material amount of indebtedness in a situation where an interested party or the Company is in financial difficulty and where the transaction would reasonably be expected to have the effect of materially enhancing the lender's position.

For completeness, we draw your attention that in October 2020, NBF acted as the co-manager for the AU$800M senior secured notes private placement for TEC Hedland Pty Ltd., an entity in which Renewables owns an indirect economic interest. In April and May 2021, NBF provided a C$150M demand letter of credit facilities for TAC and Renewables. In September 2022, NBF participated in the lending of the C$400M 2-year delayed draw term loan facility for TAC. In November 2022, NBF acted as a co-manager for the US$400M senior notes for TAC. Additionally, NBF is also the lender for the 4-year revolving credit facilities for each of Renewables and TAC, which were both most recently extended in June 2023. NBF and/or its affiliates may, in the future, in the ordinary course of their respective businesses, perform financial advisory or investment banking or other services to the Company, the interested parties or any of their respective associated entities or affiliated entities.

NBF acts as a trader and dealer, both as principal and agent, in major financial markets and, as such, may have had and may in the future have positions in the securities of the Company and TAC and, from time to time, may have executed or may execute transactions on behalf of such companies or clients for which it received or may receive compensation. As an investment dealer, NBF conducts research on securities and may, in the ordinary course of its business, provide research reports and investment advice to its clients on investment matters, including with respect to the Company, TAC or the Transaction.

CREDENTIALS OF NATIONAL BANK FINANCIAL

NBF is a leading Canadian investment dealer whose businesses include corporate finance, mergers and acquisitions, equity and fixed income sales and trading and investment research. NBF has extensive experience in the Canadian capital markets and has been involved in a significant number of transactions involving private and publicly traded companies, including utility and power generation entities. The Valuation and the Fairness Opinion are the opinions of NBF and the form and content hereof has been reviewed and approved for release by a group of managing directors of NBF, each of whom is experienced in merger, acquisition, divestiture, valuation and fairness opinion matters.

SCOPE OF REVIEW

In connection with the Valuation and Fairness Opinion, NBF has reviewed and relied upon or carried out, among other things, the following:

(i) The non-binding proposals from TAC to Renewables regarding the Transaction;
(ii) Publicly available documents including annual and quarterly reports, financial statements, annual information forms and management circulars of both Renewables and TAC;
(iii) Information in respect of the Transaction including the draft Arrangement Agreement, the draft Plan of Arrangement, and draft Support Agreements all dated as of July 10, 2023;
(iv) Audited annual financial statements and management's discussion and analysis of each of the Company and TAC for the fiscal years ended December 31, 2020, 2021 and 2022;
(v) Quarterly financial statements and management discussion & analysis for the three month period ended March 31, 2023 for each of Renewables and TAC;
(vi) Interim unaudited financial statements, free cash flow estimates, and management's commentary of each of the Company and TAC for the period ended May 31, 2023;
(vii) Minutes of the meetings of the Board held for each of Renewables and TAC for the fiscal years ended December 31, 2020, 2021, and 2022 and three month period ended March 31, 2023;
(viii) The financial model prepared by management of each of Renewables and TAC, including detailed historical financial statements for fiscal year 2022 and forecasts for the fiscal years ended December 31, 2023 to 2062;
(ix) Certain asset financial models prepared by management of each of Renewables and TAC, including financial cash flows and capital expenditures for the assets owned by the Company;
(x) Various reports published by equity research analysts and industry sources regarding the Company and TAC and other public companies, to the extent deemed relevant by us;
(xi) Review of third-party power market reports;
(xii) Review of the Management, Administrative and Operational Services Agreement dated August 9, 2013, as amended;
(xiii) Review of the Governance and Cooperation Agreement dated August 9, 2013;
(xiv) Trading statistics and selected financial information of the Company and other selected public companies;
(xv) Comparable acquisition transactions considered by us to be relevant;
(xvi) Discussions with senior management of the Company and TAC, as well as the Independent Committee;
(xvii) Certain other non-public information prepared and provided to us by management of each of Renewables and TAC, primarily financial in nature, concerning the business, assets, liabilities and prospects of such entities;
(xviii) Consultation with legal advisors to the Independent Committee;
(xix) In addition to the written information described above, we participated in discussions with management of each of Renewables and TAC and the Independent Committee with regards to, among other things, the Transaction, as well as the business, operations, financial position, budget, key assets and prospects for each of Renewables and TAC;
(xx) Certification addressed to us, dated as of the date hereof, from senior officers of each of the Company and TAC, regarding the completeness and accuracy of the information upon which this opinion and valuation is based; and
(xxi) Such other corporate, industry and financial market information, analysis and discussions (including discussions with third parties) as we considered necessary or appropriate in the circumstances.

NBF has not, to the best of its knowledge, been denied access by the Company or TAC to any information requested by NBF.

PRIOR VALUATIONS

The Company and TAC have represented to NBF that there have been no independent appraisals or valuations or material non-independent appraisals or valuations relating to the Company or any of its subsidiaries or any of their respective material assets or liabilities which have been prepared as of a date

within the two (2) years preceding the date of the Engagement Agreement other than those exempt from the definition of "prior valuation" under MI 61-101.

ASSUMPTIONS AND LIMITATIONS

With the Independent Committee's approval, and as provided for in the Engagement Agreement, NBF has relied upon the completeness, accuracy and fair presentation of all of the financial and other information, data, advice, opinions or representations obtained by it from public sources, the Company, TAC and their respective consultants and advisors, including the advisors of the Board and the Independent Committee. NBF did not meet with the auditors of the Company or TAC and has assumed the accuracy and fair presentation of, and relied upon, the audited consolidated financial statements of each of the Company and TAC and the reports of their respective auditors thereon as well as the unaudited interim financial statements of the Company and TAC. The Valuation and the Fairness Opinion are conditional upon such completeness, accuracy and fair presentation of the foregoing information. Subject to the exercise of professional judgment and except as expressly described herein, NBF has not attempted to verify independently the completeness, accuracy or fair presentation of any of the foregoing information.

Two senior officers of the Company and two senior officers of TAC have each represented to NBF in certificates delivered as of the date hereof, among other things, that (i) with the exception of forecasts, projections or estimates, the information, data and other material (financial or otherwise) (the "**Information**") provided orally by an officer or employee of the Company or TAC or in writing by the Company or TAC or any of their subsidiaries (as such term is defined in the *Securities Act* (Alberta)) or their respective agents (including the agents of the Board and the Independent Committee) to NBF relating to the Company, TAC, any of their subsidiaries or the Transaction for the purpose of preparing the Valuation or the Fairness Opinion was, at the date the Information was provided to NBF complete, true and correct in all material respects, and did not contain any untrue statement of a material fact in respect of the Company, TAC, their subsidiaries or the Transaction and did not omit to state a material fact in respect of the Company, TAC, their subsidiaries or the Transaction necessary to make the Information not misleading in light of the circumstances under which the Information was made or provided; (ii) since the dates on which the Information was provided to NBF, except as disclosed in writing to NBF, there has been no material change, financial or otherwise, in the financial condition, assets or liabilities (contingent or otherwise), business, operations or prospects of the Company, TAC, and their subsidiaries, taken together, and no material change has occurred in the Information or any part thereof which would have or which would reasonably be expected to have a material effect on TAC, the Company, their respective subsidiaries or the Transaction; (iii) to the best of the senior officers' knowledge, information and belief after due inquiry, there are no independent appraisals or valuations or material non-independent appraisals or valuations relating to the Company, TAC or any of their material assets or liabilities which have been prepared as of a date within the two years preceding the date hereof and which have not been provided to NBF; and (iv) any portions of the Information provided to NBF (or filed on SEDAR) which constitute forecasts, projections or estimates (a) were prepared using assumptions which, in the reasonable opinion of the Company and TAC, are (or were at the time of preparation and, except as otherwise disclosed to NBF, to the extent reasonably practicable, in writing, continue to be) reasonable in the circumstances, and (b) are not, in the senior officers' reasonable belief, misleading in any material respect in light of the assumptions used therefor.

NBF has assumed that all draft documents referred to under "Scope of Review" above are accurate reflections, in all material respects, of the final form of such documents.

With respect to operating and financial forecasts provided to NBF concerning the Company and relied upon in the analysis, NBF has assumed (subject to the exercise of professional judgment) that they have been prepared on the bases reflecting the most reasonable assumptions, estimates and judgments of

management of the Company, as the case may be, having regard to the Company's business plans, financial conditions and prospects.

This Valuation and the Fairness Opinion are rendered on the basis of securities markets, economic, financial and general business conditions prevailing as at the date hereof and the condition and prospects, financial and otherwise, of the Company and its respective subsidiaries and affiliates, as they were reflected in the Information and as they have been represented to NBF in discussions with the management and employees of each of the Company and TAC. In its analyses and in preparing this Valuation and the Fairness Opinion, NBF made numerous assumptions with respect to industry performance, general business and economic conditions and other matters, many of which are beyond the control of NBF or any party involved in the Transaction.

NBF is not a legal, tax or accounting expert and NBF expresses no opinion concerning any legal, tax or accounting matters concerning the Transaction.

This Valuation and the Fairness Opinion have been provided for the use of the Independent Committee and, other than as permitted by the Engagement Agreement or herein, may not be used by any other person or relied upon by any other person other than the Independent Committee and the Board without the express prior written consent of NBF. This Valuation and the Fairness Opinion are given as of the date hereof and NBF disclaims any undertaking or obligation to advise any person of any change in any fact or matter affecting this Valuation or the Fairness Opinion which may come or be brought to NBF's attention after the date hereof. Without limiting the foregoing, in the event that there is any material change in any fact or matter affecting this Valuation or the Fairness Opinion after the date hereof, NBF reserves the right to change, modify or withdraw this Valuation and/or the Fairness Opinion in accordance with the terms of the Engagement Agreement.

NBF believes that its analyses must be considered as a whole and that selecting portions of the analyses or the factors considered by it, without considering all factors and analyses together, could create a misleading view of the process underlying this Valuation and the Fairness Opinion. The preparation of a valuation and a fairness opinion is a complex process and is not necessarily susceptible to partial analysis or summary description. Any attempt to do so could lead to undue emphasis on any particular factor or analysis. Neither this Valuation nor the Fairness Opinion should be construed as a recommendation to Shareholders as to whether to vote in favour of the Transaction.

OVERVIEW OF THE COMPANY

Renewables is one of the largest generators of wind power in Canada and among the country's largest publicly traded renewable power generation companies. The Company's asset platform is diversified in terms of geography, generation and counterparties. It consists of interests, including economic interests, in 26 wind facilities, 11 hydroelectric facilities, eight natural gas generation facilities, two solar facilities, one natural gas pipeline and one battery storage facility, representing ownership of 2,965 MW of owned installed capacity. TAC manages and operates these facilities on Renewables' behalf under the terms of the Management, Administrative and Operational Services Agreement. The Company's operations span three countries: Canada, the United States ("**US**") and Australia. Its wind, hydro, battery, solar and gas facilities have an established track record of operational performance. The assets as at December 31, 2022, have been in operation from one year to 32 years, with the weighted average years of operation by capacity being 15 years, which includes facilities in which the Company owns an economic interest.

Since its initial public offering in 2013, the Company has created shareholder value by focusing on owning and acquiring renewable projects supported by long-term power purchase agreements that provide highly contracted cash flows. In 2022, TAC announced that it is positioned as the principal growth vehicle for the TransAlta group. Accordingly, the Company remains committed to this objective and will be principally focused on the sustainment of its dividend in 2023 and beyond with growth opportunities

focused on the organic expansion of the Company's existing assets through the execution of the Company's rights of first offer with TransAlta and, potentially, through other transactions that could partially offset the Company's tax horizon.

DEFINITION OF FAIR MARKET VALUE

For purposes of the Valuation, fair market value means the monetary consideration that, in an open and unrestricted market, a prudent and informed buyer would pay to a prudent and informed seller, each acting at arm's length with the other and each under no compulsion to act. In accordance with MI 61-101, NBF has not made any downward adjustment to the value of the Common Shares to reflect the liquidity of the Common Shares, the effect of the Transaction on the Common Shares, or whether or not the Common Shares form part of a controlling interest. Consequently, the Valuation provides a conclusion on a per Common Share basis with respect to the Company's "en bloc" value, being the price at which all of the Common Shares could be sold to one or more buyers at the same time.

RENEWABLES VALUATION

NBF's primary valuation methodology in preparing the Company's Valuation was a discounted cash flow ("**DCF**") approach. NBF also considered a precedent transactions and comparable companies analysis involving public renewable-focused independent power producers and renewable-focused "YieldCo" entities, as well as the premium implied by selected precedent change of control transactions. NBF also reviewed and considered valuation reference points such as the 52-week trading range and equity research analysts' price targets of the Common Shares, but did not rely upon these approaches.

DCF Analysis Approach

NBF's DCF approach involved deriving an intrinsic enterprise value ("**EV**") of Renewables by calculating a present value of (i) the Company's projected unlevered after-tax free cash flows ("**UFCF**") and (ii) the Company's terminal value determined at the end of the forecast period based on a terminal EV/earnings before interest, tax, depreciation, and amortization ("**EBITDA**") multiple approach. As such, the DCF approach requires that certain assumptions be made regarding, among other things, future unlevered free cash flows, discount rates and terminal values.

As part of its DCF approach, NBF reviewed the long-term forecasted cash flows for four separate forecast scenarios provided by management, including assumptions on individual assets regarding expected pricing, revenue, EBITDA and capital expenditures. The four forecast scenarios provided by management, which are summarized below, only differ in their assumptions regarding the availability of expansion opportunities within Renewables' existing asset base. Consistent with management's prior public statements (and, in particular, TAC's update on corporate strategy published on December 15, 2022), none of the forecast scenarios include any drop-down projects from TAC to Renewables, or any new projects outside of Renewables' existing portfolio (aside from certain expansion, repowering and extension projects at existing assets, depending on the forecast scenario).

NBF received long-term forecasts but determined that a 15-year forecast was the most relevant for purposes of the Valuation. Across all forecast scenarios, NBF considered a 15-year forecast horizon, discount rate (weighted average cost of capital, or "**WACC**") range of 6.25% to 7.25%, and terminal value based on a range of 10.0x to 12.0x normalized 2037E EBITDA (the final year of the forecast horizon). As outlined below, NBF considered $2.0 million of annual EBITDA synergies from public company cost savings and other corporate efficiencies. All cashflows have been discounted back to a valuation date of May 31, 2023.

Distinctive Material Benefits to the Controlling Shareholder

NBF considered, based on information provided by management, whether any distinctive material benefits will accrue to the Controlling Shareholder as a consequence of the completion of the Transaction. Management believes there are certain corporate efficiencies to be realized, in addition to the elimination of public company expenses. Management has estimated these annual cost savings to be approximately $2.0 million and NBF has reflected these cost savings into its Formal Valuation.

Overview of Forecast Scenario 1: No Repower Scenario

The first forecast scenario provided by management is based on Renewables' existing portfolio plus 195 MW from projects under construction today in a "run-off" scenario with no assumed repowerings or extensions of any assets, no expansion projects at any assets, or any other growth projects. The Special Committee determined that this forecast was particularly conservative and not likely to be an accurate reflection of Renewables' strategy over the forecast period. As such, NBF did not rely upon this forecast.

Overview of Forecast Scenario 2: Existing Portfolio Scenario

The second management forecast scenario considered by NBF (the "**Existing Portfolio Scenario**") assumes growth will come from repowering and extensions of the existing assets plus 195 MW from projects under construction today. For the wind assets reaching an end of useful life over the projection period (2062), a 25-year repowering is forecasted, based on repowering assumptions from management. Additionally, the extension of the South Hedland gas facility is expected to occur in 2037, based on management's estimates.

The following is a summary of the unlevered free cash flow projections, including synergies, used in the DCF analysis on a consolidated basis for the Existing Portfolio Scenario:

(C$ millions)	**Jun.-Dec. 2023E**	**2024E**	**2025E**	**2026E**	**2027E**	**2028E**	**2029E**	**2030E**	**2031E**	**2032E**	**2033E**	**2034E**	**2035E**	**2036E**	**2037E**
Adjusted Proportionate EBITDA[(1)]	$290.4	$468.4	$475.8	$445.4	$441.1	$466.4	$448.7	$437.6	$455.9	$456.3	$452.8	$442.1	$473.5	$478.0	$456.1
Cash Taxes	($67.9)	($86.4)	($82.3)	($60.7)	($78.9)	($87.3)	($94.1)	($104.4)	($113.4)	($96.6)	($107.0)	($82.1)	($19.1)	($55.2)	($96.0)
Maintenance Capex and Reclamation Costs	($42.6)	($54.2)	($39.3)	($39.8)	($55.4)	($38.5)	($44.9)	($48.2)	($69.4)	($35.8)	($65.7)	($39.3)	($47.9)	($64.1)	($43.0)
Growth, Repowering, and Extension Capex	($43.0)	-	-	-	($191.1)	-	-	($68.7)	($32.8)	-	($551.3)	($151.6)	-	($74.0)	($7.6)
Interco Withholdings	$12.0	($2.8)	($2.9)	($2.3)	($2.2)	($2.3)	($1.7)	($2.0)	($1.9)	($1.8)	($0.5)	($1.4)	($1.5)	($1.6)	($1.6)
Unlevered Free Cash Flow	**$148.9**	**$325.0**	**$351.3**	**$342.6**	**$113.5**	**$338.3**	**$308.1**	**$214.3**	**$238.4**	**$322.1**	**($271.7)**	**$167.6**	**$405.0**	**$283.2**	**$307.9**

Notes:

(1) EBITDA adjusted for deferred revenue and excludes the impact of non-cash PTCs. Additionally, EBITDA has been adjusted to exclude the portion attributable to non-controlling interests in Renewables' assets.

Overview of Forecast Scenario 3: 2GW Growth Scenario

The "**2GW Growth Scenario**" provides additional expansion projects of 169 MW to the Company, aligned with the 2025 growth plan communicated by TAC to the market. These expansion projects include NB Battery (10 MW), Australia Transmission (15 MW), SCE Gas Expansion (94 MW), South Hedland Solar (50 MW), with some beginning operations next year and all being online by 2026. The repowering and extension assumptions are equivalent to the Existing Portfolio Scenario.

The following is a summary of the unlevered free cash flow projections, including synergies, used in the DCF analysis on a consolidated basis:

(C$ millions)	**Jun.-Dec. 2023E**	**2024E**	**2025E**	**2026E**	**2027E**	**2028E**	**2029E**	**2030E**	**2031E**	**2032E**	**2033E**	**2034E**	**2035E**	**2036E**	**2037E**
Adjusted Proportionate EBITDA[(1)]	$290.4	$472.3	$503.9	$488.1	$484.1	$509.9	$492.4	$481.7	$500.4	$501.3	$498.0	$487.7	$519.5	$524.6	$502.9
Cash Taxes	($67.9)	($86.6)	($73.1)	($33.1)	($52.9)	($83.6)	($96.7)	($113.8)	($133.6)	($121.7)	($132.7)	($108.4)	($42.2)	($75.9)	($117.2)
Maintenance Capex and Reclamation Costs	($42.6)	($54.2)	($39.3)	($39.8)	($55.4)	($38.5)	($44.9)	($48.2)	($69.4)	($35.8)	($65.7)	($39.3)	($47.9)	($64.1)	($43.0)
Growth, Repowering, and Extension Capex	($73.0)	($188.0)	($115.3)	-	($191.1)	-	-	($68.7)	($32.8)	-	($551.3)	($151.6)	-	($74.0)	($7.6)
Interco Withholdings	$12.0	($2.8)	($2.9)	($2.3)	($2.2)	($2.3)	($1.7)	($2.0)	($1.9)	($1.8)	($0.5)	($1.4)	($1.5)	($1.6)	($1.6)
Unlevered Free Cash Flow	**$118.9**	**$140.6**	**$273.4**	**$412.8**	**$182.6**	**$385.4**	**$349.1**	**$249.0**	**$262.7**	**$342.0**	**($252.2)**	**$187.0**	**$427.8**	**$309.0**	**$333.5**

Notes:

(1) EBITDA adjusted for deferred revenue and excludes the impact of non-cash PTCs. Additionally, EBITDA has been adjusted to exclude the portion attributable to non-controlling interests in Renewables' assets.

Overview of Forecast Scenario 4: Full Growth Scenario

The "**Full Growth Scenario**" reflects a forecast with additional expansions at existing sites after 2025 (above what is contemplated in the 2GW Growth Scenario), bringing a total of 989 MW online by 2030. The additional expansion projects include Ardenville/Bluetrail (140 MW), Wyoming (225 MW), Big Level (50 MW) Lakeswind (40 MW) and Goldfields (170 MW). The repowering and extension assumptions are equivalent to the Existing Portfolio Scenario.

The following is a summary of the unlevered free cash flow projections, including synergies, used in the DCF analysis on a consolidated basis:

(C$ millions)	**Jun.-Dec. 2023E**	**2024E**	**2025E**	**2026E**	**2027E**	**2028E**	**2029E**	**2030E**	**2031E**	**2032E**	**2033E**	**2034E**	**2035E**	**2036E**	**2037E**
Adjusted Proportionate EBITDA[(1)]	$290.4	$472.3	$503.9	$488.1	$501.1	$578.7	$582.1	$617.6	$637.1	$639.2	$636.3	$626.7	$659.3	$665.6	$644.3
Cash Taxes	($67.9)	($86.6)	($73.1)	($33.1)	($47.6)	$7.7	($25.9)	($56.0)	($109.8)	($108.3)	($144.7)	($149.7)	($91.9)	($134.1)	($177.9)
Maintenance Capex and Reclamation Costs	($42.6)	($54.2)	($39.3)	($39.8)	($55.4)	($38.5)	($44.9)	($48.2)	($69.4)	($35.8)	($65.7)	($39.3)	($47.9)	($64.1)	($43.0)
Growth, Repowering, and Extension Capex	($73.0)	($188.0)	($115.3)	($214.0)	($808.9)	($247.1)	($340.0)	($68.7)	($32.8)	-	($551.3)	($151.6)	-	($74.0)	($7.6)
Interco Withholdings	$12.0	($2.8)	($2.9)	($2.3)	($2.2)	($2.3)	($1.7)	($2.0)	($1.9)	($1.8)	($0.5)	($1.4)	($1.5)	($1.6)	($1.6)
Unlevered Free Cash Flow	**$118.9**	**$140.6**	**$273.4**	**$198.8**	**($413.0)**	**$298.5**	**$169.6**	**$442.7**	**$423.2**	**$493.2**	**($125.9)**	**$284.7**	**$518.0**	**$391.8**	**$414.3**

Notes:

(1) EBITDA adjusted for deferred revenue and excludes the impact of non-cash PTCs. Additionally, EBITDA has been adjusted to exclude the portion attributable to non-controlling interests in Renewables' assets.

Discount Rate

NBF estimated a WACC to discount the projected UFCF. The Company's after-tax cost of debt and cost of equity were weighted based upon an assumed optimal capital structure of 50% debt and 50% equity, based on a review of publicly traded comparable companies' current and historical capital structure. To estimate the cost of equity, NBF employed the Capital Asset Pricing Model (CAPM). CAPM calculates the cost of equity by adding a risk-free rate of return to a premium representing the financial and non-diversifiable business risk associated with the security. NBF carried out a series of calculations in estimating the beta for the Company based on the publicly traded comparable companies. The cost of equity derived from CAPM does not account for the comparatively higher risk of investing in smaller capitalization companies, even after adjusting for their systemic risk. As such, NBF applied a decile 6 size premium of based on Market Capitalization range of US$1.2B – US$2.4B per Kroll LLC's ("**Kroll**") decile rating, and converted at an USDCAD exchange rate of 1.30. Consequently, the estimated cost of equity includes Kroll's recommended risk premium that reflects Renewables' comparative size.

The Company's after-tax cost of debt was estimated using an estimated pre-tax cost of debt, impacted by management's estimated corporate tax rate included in the financial model of 26.0%. The pre-tax cost of debt was estimated by adding an illustrative corporate risk spread of 2.20% to the 10-year Government of Canada benchmark yield of 3.52% as of July 10, 2023. The corporate risk spread was selected based on

the Company's financial and operating profile, its capital structure, observed corporate spreads from comparable issuers, and other market information.

Cost of Equity	
Selected Unlevered Beta	0.50
Re-levered Beta	0.87
Equity Risk Premium[(1)]	5.5%
Risk Component (re-levered beta x equity risk premium)	4.8%
Risk-free Rate[(2)]	3.5%
Size Premium[(3)]	1.2%
Cost of Equity	**9.4%**
Cost of Debt	
10-Year Government of Canada Benchmark Yield	3.5%
Selected Corporate Spread	2.2%
Pre-tax Cost of Debt	5.7%
Applicable Tax Rate[(4)]	26.0%
After-tax Cost of Debt (Pre-tax Cost of Debt x (1-Tax Rate))	**4.2%**
WACC	
Optimal Capital Structure (% Debt)	50.0%
Weighted Cost of Equity	4.7%
Weighted After-tax Cost of Debt	2.1%
WACC	**6.8%**

Notes:
(1) Based on Kroll recommended equity risk premium of 5.5% as of July 24, 2023.
(2) Based on Kroll recommended risk-free rate of 3.5% as of July 24, 2023.
(3) Based on Kroll recommended CRSP decile 6 size premium of 1.2% (market cap ranging from US$1.4B – US$2.4B, converted to C$ at an USDCAD exchange rate of 1.30x).
(4) Based on the Company's estimates of its corporate tax rate per the financial model.

Based on the above, NBF determined the appropriate WACC for the Company to be in the range of 6.25% to 7.25%.

Project Debt, Corporate-Level Debt and Debt-Like Items

	Carrying Value	**Face Value**	
	As at March 31, 2023	*As at May 31, 2023*	Interest[1]
Credit Facility[2]	$47	$103	6.2%
Pingston Bond	$45	-	3.0%
Melancthon Wolfe Wind Bond	$202	$203	3.8%
New Richmond Wind Bond	$112	$113	4.0%
Kent Hills Wind Bond[3]	$168	$171	4.5%
Windrise Green Bond	$167	$170	3.4%
South Hedland Non-Recourse Debt[4]	$697	$679	
Total Long-Term Debt (per Company's Definition)	$1,438	$1,439	
Lease Obligations	$24	$23	
US Tax Equity Financing	$119	$115	
Renewables Cash	($78)	($78)	
Renewables Cash Held on TAC Balance Sheet[5]	($100)	($100)	
Net Debt	$1,403	$1,399	

Notes:

(1) Interest rate reflects the stipulated rate or the average rate weighted by principal amounts outstanding.

(2) Interest rates on the credit facility vary depending on the type of borrowing selected: Canadian prime, bankers' acceptances, secured overnight financing rate or US base rate in accordance with a pricing grid that is standard for such a facility.

*(3) Full face value of Kent Hills debt is $206 million, but as financial assessment was performed using the Company's proportionate cash flows (i.e., excluding cash flows attributable to non-controlling interests), NBF used a proportionate debt balance for Kent Hills (i.e., Face Value: $206 million * 83% interest = $171 million).*

(4) Renewables has an economic interest in the Australian entities through TAC who holds the debt on its balance sheet. Since the Company bears all economic interest, the South Hedland debt is considered as its debt for the purpose of the financial analysis.

(5) Represents cash held within TransAlta Energy (Australia) Pty Ltd. on TAC's balance sheet reserved for future funding of Australia growth projects by Renewables.

The Company's project debt, corporate-level debt and debt-like items were included in NBF's assessment. The bond obligations were reflected on a face value basis per the table above, which was provided by management.

Other items include the credit facility of $103 million, lease liabilities of $23 million, US tax equity financing of $115 million, and cash balance of $78 million plus $100 million held on TAC's balance sheet to fund the Company's Australian growth projects. Additionally, the Company holds its economic interest in Australian entities through TransAlta Corporation who holds the debt on its balance sheet. Since the Company bears all economic interest, the South Hedland debt ($679 million) is considered as its debt for the purpose of the financial analysis.

Present Value of Tax Assets

NBF considered the present value of the tax savings generated by Renewables' tax assets in our Valuation. As tax is paid after interest expense, the full benefit of the tax assets is recuperated by Shareholders (rather than all stakeholders). As such, the impact of the tax assets was not included in the calculation of UFCF. Management's financial model included a projection of Renewables' tax assets and the tax savings generated by these assets over the forecast. The tax assets generated and utilized differs based on the forecast scenario selected, as the Company's capital expenditures and taxable income vary

across the scenarios. As the impact from tax assets benefits Shareholders, NBF discounted the tax savings at a selected cost of equity of 9.5%.

DCF Summary

The following table summarizes NBF's DCF analysis of the Company applying each of the key scenarios provided by management:

(C$ millions)	Existing Portfolio		2GW Growth		Full Growth	
	Low	**High**	**Low**	**High**	**Low**	**High**
PV of Interim Cash Flow	2,332	2,458	2,326	2,465	2,027	2,180
PV of Terminal Value	1,644	2,261	1,812	2,493	2,322	3,194
Implied En Bloc Enterprise Value	**$3,976**	**$4,719**	**$4,138**	**$4,958**	**$4,348**	**$5,374**
(-) Net Debt and Debt-Like Items	(1,399)	(1,399)	(1,399)	(1,399)	(1,399)	(1,399)
(+) PV of Tax Assets	116	116	145	145	178	178
Implied En Bloc Equity Value	**$2,692**	**$3,436**	**$2,884**	**$3,704**	**$3,127**	**$4,153**
F.D Shares O/S	267	267	267	267	267	267
Implied Share Price	**$10.08**	**$12.87**	**$10.80**	**$13.87**	**$11.71**	**$15.56**

DCF Sensitivity Analysis

In completing the DCF analysis, NBF performed a variety of sensitivity analyses. The focus of these sensitivity analyses was to determine the implied per share value impact of the WACC and terminal multiple. As highlighted below, a change of ±0.5% in the WACC resulted in a change of approximately $0.75 to $1.00 per share for the WACC and a change of ±0.5x in the terminal multiple resulted in a change of approximately $0.35 to $0.50 per share (depending on the forecast scenario considered). The results of these sensitivity analyses are, in NBF's judgment, appropriate in the context of the DCF approach.

	Forecast Scenario		
Impact on DCF Implied Share Value Based on:	**Existing Portfolio**	**2GW**	**Full Growth**
+/- 0.5% WACC	~$0.75	~$0.80	~$1.00
+/- 0.5x Terminal Multiple	~$0.35	~$0.35	~$0.45

Precedent Transactions Approach

NBF considered precedent public market M&A transactions in the Canadian and US renewable energy sectors of comparable size and nature. The following table illustrates the EV/EBITDA multiples at which selected transactions have been completed involving public Canadian Corporate Renewable IPPs and US Renewables Focused YieldCos over the past thirteen years.

Announcement Date	Target	Acquirer	Acquired (%)	Enterprise Value ($M)	EV/EBITDA (FY1)
May-22	Clearway	TotalEnergies	21%	US$15,241	12.8x
Mar-20	TerraForm Power	Brookfield	38%	US$10,204	11.9x
Nov-19	Pattern	CPP Investments	100%	US$6,062	13.4x
Apr-18	Atlantica Yield	Algonquin Power & Utilities	17%	US7,543	9.4x
Feb-18	NRG	Global Infrastructure Partners	46%	US$9,265	11.2x
Feb-18	8point3 Energy	Capital Dynamics	100%	US$1,673	14.7x
Nov-17	Atlantica Yield	Algonquin Power & Utilities	25%	US$7,916	9.3x
Mar-17	TerraForm Power	Brookfield	62%	US$6,556	14.4x
Oct-17	Alterra Power	Innergex	100%	C$1,096	17.1x
Jan-16	Capstone	iCON Infrastructure	100%	C$1,735	11.2x
Jul-13	Sprott Power	Capstone	100%	C$234	12.3x
Feb-13	Western Wind	Brookfield	100%	C$436	13.3x
Aug-12	Shear Wind	Sprott Power	100%	C$78	11.0x
Mar-11	Plutonic Power	Magma	100%	C$452	15.1x

In selecting the appropriate EV/EBITDA multiple to apply to the Company, NBF considered a number of factors including, but not limited to, (i) the precedent transactions listed above; (ii) the prevailing macroeconomic and interest rate conditions at the time of the precedent transactions compared to the current environment; and (iii) Company-specific factors, including the quality and mix of their assets. NBF considered that items (ii) and (iii) justify a somewhat discounted multiple to the precedent transactions. Based on the foregoing, NBF selected the following range of EV/EBITDA multiple for the Company:

EV/EBITDA Multiple…….…… 10.0x – 12.0x

The precedent transaction analysis implies a value of $13.20 to $16.86 per share.

Comparable Companies Approach

NBF has reviewed the Canadian and US publicly traded renewable energy companies in building the comparable companies universe. To ensure a fair comparison, NBF has selected companies that closely resemble the Company in terms of business strategy, geographic and asset mix. NBF considered the 2024E EV/EBITDA multiple, which aligns with the typical valuation method for renewable energy companies.

Selected Peers	Market Capitalization ($M)	Enterprise Value ($M)	2024E EV/EBITDA
Brookfield Renewable Partners LP	C$26,203	C$44,541	12.5x
Northland Power Inc.	C$6,621	C$12,039	9.2x
Boralex Inc.	C$3,587	C$7,460	10.8x
Innergex Renewable Energy Inc.	C$2,559	C$8,961	11.2x
The AES Corporation	US$14,075	US$42,467	9.1x
Clearway Energy	US$5,282	US$14,600	12.4x
NextEra Energy Partners LP	US $5,150	US$23,844	10.6x
Atlantica Yield plc	US $2,681	US$8,323	9.5x

Summary of Analysis:

		Selected Peers		
	The Company	Low	High	Average
2024E EV/EBITDA	8.6x	9.1x	12.5x	10.7x

Notes:
Market trading data as of July 10, 2023.

Based on the selected peers trading multiples shown above, NBF selected the following range of EV/EBITDA multiple for the Company:

EV/EBITDA Multiple……..…… 10.0x – 11.0x

The comparable companies analysis implies a value of $13.20 to $15.03 per share.

Precedent Change of Control Premia Approach

NBF has reviewed the transaction premia paid associated with recent Canadian public company targets involved in MI 61-101 transactions. NBF considered transactions announced within the last ten years and with implied total equity value greater than $1 billion to be the most relevant in our analysis. The eight transactions that meet these criteria are listed in the table below. Based on the median premium paid in these transactions, NBF selected a premium range of 10% to 20%, which applied to Renewables' 20-day

VWAP as of July 10, 2023, results in a precedent change of control premia approach range of $12.58 to $13.73 per share.

Announcement Date	Target	Acquirer	Implied Equity Value ($M)	Premium (Spot)	Premium (20-Day VWAP)
Jan-23	Magnet Forensics	Thoma Bravo and Management	$1,800	15%	13%
Oct-21	Cominar REIT	Canderel-led Consortium	$2,151	13%	16%
Jan-21	Brookfield Property Partners	Brookfield Asset Management Inc.	$8,201	(1%)	(6%)
Oct-20	Genworth MI Canada	Brookfield Business Partners	$3,765	22%	25%
Feb-20	Northview Apartment REIT	Starlight Group, KingSett Capital	$2,529	12%	15%
Dec-19	Power Financial Corporation	Power Corporation of Canada	$22,251	8%	9%
Jun-19	Hudson's Bay Company	Rhone, Abrams, Hanover, ARK Cap	$2,025	73%	62%
Nov-13	Patheon	JLL Partners / Koninklijke DSM	$1,373	57%	66%
Median				**14%**	**16%**

Valuation Reference Points

NBF also reviewed and took into consideration the following valuation reference points.

Historical Trading Analysis

NBF reviewed historical trading prices of the Common Shares on the Toronto Stock Exchange for the twelve months ended July 10, 2023. Over this twelve-month period, the Common Shares traded in a band achieving a twelve month low of $10.63 and a twelve month high of $18.45 per share. As of July 10, 2023, the trading price and 20-day VWAP of the Common Shares were $10.99 and $11.44, respectively.

Research Analysts Price Targets

NBF reviewed select public market trading price targets for the Common Shares from 12 equity research analysts. Equity research analyst price targets reflect each analyst's estimate of the future public market trading price of the Common Shares at the time the price target is published.

	Low	High
Price Target	$10.50	$15.50

Valuation Summary

The following is a summary of the range of "en bloc" fair market values of the Common Shares resulting from the DCF, precedent transactions, comparable companies, and precedent change of control premia analyses:

	Low	High
DCF Analysis - Existing Portfolio.....	$10.08	$12.87
DCF Analysis - 2GW Growth.....	$10.80	$13.87
DCF Analysis - Full Growth.....	$11.71	$15.56
Precedent Transactions Approach (EV / EBITDA).....	$13.20	$16.86
Comparable Companies Approach (EV / EBITDA).....	$13.20	$15.03
Precedent Change of Control Premia Approach.....	$12.58	$13.73

Valuation Conclusion

In arriving at an opinion of the fair market value of the Common Shares, NBF has not attributed any particular weight to any specific factor but has made qualitative judgments based on its experience in rendering such opinions and on circumstances prevailing as to the significance and relevance of each factor. NBF did, however, ascribe the greatest amount of importance primarily to the DCF approaches, and secondarily to the precedent transactions approach. NBF did not rely upon the comparable companies or the precedent change of control premia approaches.

Based upon and subject to the foregoing, NBF is of the opinion that, as of the date hereof, the fair market value of the Common Shares is in the range of $12.25 to $13.60 per Common Share.

FAIRNESS OPINION

Factors Considered

In considering the fairness, from a financial point of view, to holders of Common Shares other than the Controlling Shareholder, of the Consideration payable to the holders of Common Shares pursuant to the Transaction, NBF reviewed, considered and relied upon or carried out, among other things, those items listed under "Scope of Review" and the following:

(i) NBF's Valuation; and,

(ii) such other information, investigations and analyses considered necessary or appropriate in the circumstances.

Pursuant to the Transaction, holders of Common Shares (other than the Controlling Shareholder) would receive consideration equivalent to $13.00 per Common Share, which is in the fair market value range of the Common Shares as of the date hereof as determined by NBF in the Valuation.

Fairness Conclusion

Based upon and subject to the foregoing, NBF is of the opinion that, as of the date hereof, the Consideration to be received by holders of Common Shares other than the Controlling Shareholder pursuant to the Transaction is fair, from a financial point of view, to such Shareholders.

Yours very truly,

NATIONAL BANK FINANCIAL INC.

APPENDIX F

TD FAIRNESS OPINION

TD Securities
TD Securities Inc.
66 Wellington Street West
TD Bank Tower, 9th Floor
Toronto, Ontario M5K 1A2

July 10, 2023

The Special Committee of TransAlta Renewables Inc.
TransAlta Place
1400, 1100 1st Street S.E.
Calgary, Alberta
T2G 1B1, Canada

To the Special Committee of TransAlta Renewables Inc.:

TD Securities Inc. ("TD Securities") understands that TransAlta Renewables Inc. ("RNW") is considering entering into an arrangement agreement (the "Arrangement Agreement") with TransAlta Corporation ("TA"), pursuant to which, among other things, TA will acquire all of the issued and outstanding common shares of RNW that it does not already own, directly or indirectly, (the "RNW Shares") by way of a statutory plan of arrangement (the "Arrangement") under the *Canada Business Corporations Act*. TA currently holds, directly or indirectly, approximately 60.1% of the issued and outstanding common shares of RNW. Under the terms of the Arrangement, the holders of the RNW Shares (the "RNW Shareholders"), other than TA and its affiliates, would receive per RNW Share $13.00 in cash or 1.0337 common shares of TA (the "Consideration"), subject to pro-ration based on a maximum aggregate number of TA common shares that may be issued to RNW Shareholders of 46,441,779 and a maximum aggregate amount of cash of $800 million. The above description is summary in nature. The specific terms and conditions of the Arrangement are set out in the Arrangement Agreement and will be more fully described in the notice of special meeting of Shareholders and management proxy circular (the "Circular") of RNW, which is to be sent to RNW Shareholders in connection with the Arrangement.

ENGAGEMENT OF TD SECURITIES

TD Securities was first contacted by RNW on February 6, 2023, and was engaged by RNW pursuant to an engagement agreement (the "Engagement Agreement") effective as of June 1, 2023, to provide a written opinion regarding the fairness, from a financial point of view, of the Consideration pursuant to the Arrangement to RNW Shareholders, without consideration to TA and any affiliate thereof (the "Opinion"). TD Securities has not prepared a formal valuation of RNW or any of its securities or assets and the Opinion should not be construed as such.

The terms of the Engagement Agreement provide that TD Securities will receive a fee from RNW for its services, no portion of which is contingent upon the conclusions reached in the Opinion, the execution of the Arrangement Agreement or the closing of the Arrangement, and will be reimbursed by RNW for its reasonable expenses. Furthermore, RNW has agreed to indemnify TD Securities, in certain circumstances, against certain expenses, losses, claims (including shareholder actions, derivative and otherwise), actions, suits, proceedings, investigations, damages and liabilities, joint or several that may be suffered by, imposed upon or asserted against TD Securities, whether or not resulting in liability (collectively, "Claims") insofar as such Claims relate to, are caused by, result from, arise out of or are based on, directly or indirectly from services performed by TD Securities in connection with the Engagement Agreement.

On July 10, 2023, at the request of the Special Committee of RNW (the "Special Committee"), TD Securities orally delivered the Opinion to the Special Committee based upon and subject to the scope of review, assumptions and limitations and other matters described herein and contemplated by the

Engagement Agreement. This Opinion provides the same opinion, in writing, as that given orally by TD Securities on July 10, 2023. Subject to the terms of the Engagement Agreement, TD Securities consents to the inclusion of the Opinion, in its entirety, in the Circular, along with a summary thereof, in a form acceptable to TD Securities, and to the filing thereof by RNW with the applicable Canadian securities regulatory authorities.

CREDENTIALS OF TD SECURITIES

TD Securities is one of Canada's largest investment banking firms with operations in all facets of corporate and government finance, mergers and acquisitions, equity and fixed income sales and trading and investment research. TD Securities also has significant international operations. TD Securities has been a financial advisor in a large number of transactions involving public and private companies in various industry sectors and has extensive experience in preparing valuations and fairness opinions.

The Opinion represents the opinion of TD Securities and its form and content have been approved by a committee of senior investment banking professionals of TD Securities, each of whom is experienced in merger, acquisition, divestiture, valuation and fairness opinion matters. This Opinion has been prepared in accordance with the disclosure standards for fairness opinions of the New Self-Regulatory Organization of Canada but the New Self-Regulatory Organization of Canada has not been involved in the preparation or review of this Opinion.

RELATIONSHIP WITH INTERESTED PARTIES

Neither TD Securities nor any of its affiliated entities (as such term is defined in Multilateral Instrument 61-101, referred to hereafter as "MI 61-101") is an issuer insider, associated entity or affiliated entity (as those terms are defined in MI 61-101) of RNW, TA or any of their respective associated or affiliated entities or issuer insiders (each an "Interested Party" and collectively, the "Interested Parties"). Neither TD Securities nor any of its affiliated entities is an advisor to any of the Interested Parties with respect to the Arrangement other than to RNW pursuant to the Engagement Agreement.

TD Securities and its affiliated entities have not been engaged to provide any financial advisory services, have not acted as lead or co-lead manager on any offering of securities of RNW, TA or any other Interested Party, and have not had a material financial interest in any transaction involving RNW, TA or any other Interested Party during the 24 months preceding the date on which TD Securities was first contacted with respect to the engagement of TD Securities by RNW, other than services provided under the Engagement Agreement and otherwise as described below. TD Securities acted as co-lead manager on TA's $400 million issuance of senior unsecured notes in November 2022, for which advisory fees were paid to TD Securities. TD Securities and The Toronto-Dominion Bank ("TD Bank"), the parent company of TD Securities, directly or through one or more affiliated entities, provide credit and may provide banking services, investment banking services and other financing services to entities affiliated or associated with RNW, TA or any other Interested Party in the ordinary course of business, including TA's $1,250 million revolving credit facility, TA's $400 million term loan facility and RNW's $700 million revolving credit facility. A Deputy Chairwoman of TD Securities is also a director of TA.

TD Securities and its affiliated entities act as a trader and dealer, both as principal and agent, in major financial markets and, as such, may have and may in the future have positions in the securities of any Interested Party, and, from time to time, may have executed or may execute transactions on behalf of any Interested Party or other clients for which it may have received or may receive compensation. As an investment dealer, TD Securities conducts research on securities and may, in the ordinary course of its

business, provide research reports and investment advice to its clients on investment matters, including matters with respect to the Arrangement, RNW, TA or any other Interested Party.
The fees paid to TD Securities in connection with the foregoing activities, together with the fees payable to TD Securities pursuant to the Engagement Agreement, are not financially material to TD Securities or TD Bank. No understandings or agreements exist between TD Securities or TD Bank and any Interested Party with respect to future financial advisory, investment banking or other banking business, other than those that may arise as a result of the Engagement Agreement. TD Securities may in the future, in the ordinary course of its business, perform financial advisory or investment banking services for RNW, TA or any other Interested Party. TD Bank may in the future, in the ordinary course of its business, provide banking services including loans to RNW, TA or any other Interested Party.

SCOPE OF REVIEW

In connection with the Opinion, TD Securities reviewed and relied upon (without attempting to verify independently the completeness or accuracy of) or carried out, among other things, the following:

1. a draft of the Arrangement Agreement dated July 7, 2023;
2. audited annual financial statements of RNW and TA and management's discussion and analysis related thereto for the years ended December 31, 2020, 2021, and 2022;
3. interim unaudited financial statements of RNW and TA and management's discussion and analysis related thereto for the periods ended March 31, June 30, and September 30, 2022 and March 31, 2023;
4. annual information forms of RNW and TA for the years ended December 31, 2020, 2021 and 2022;
5. notices of meeting and management information circulars of RNW dated May 18, 2021, May 4, 2022, and May 4, 2023 and notices of meeting and management information circulars of TA dated May 4, 2021, April 28, 2022, and April 28, 2023;
6. forecasts, projections and estimates for both RNW and TA prepared by management of RNW and TA (on its own behalf and in its capacity as Manager of RNW);
7. representations contained in certificates dated July 10, 2023, from senior officers and directors of RNW and TA (on behalf of TA and in its capacity as Manager of RNW) (the "Certificates");
8. discussions with senior management of RNW and TA with respect to the information referred to above and other matters considered relevant;
9. discussions with members of the Special Committee;
10. various research publications prepared by equity research analysts regarding RNW, TA and other selected public companies considered relevant;
11. public information relating to the business, operations, financial performance, and stock trading history of RNW, TA and other selected public companies considered relevant;
12. public information with respect to certain other transactions of a comparable nature considered relevant; and
13. such other corporate, industry, and financial market information, investigations and analyses as TD Securities considered necessary or appropriate in the circumstances.

TD Securities has not, to the best of its knowledge, been denied access by RNW or TA to any information requested by TD Securities. TD Securities did not meet with the auditors of RNW or TA and has assumed the accuracy, completeness and fair presentation of, and has relied upon, without independent verification, the financial statements of RNW, TA and any reports of the auditors thereon.

PRIOR VALUATIONS

Senior officers of RNW (with respect to and on behalf of RNW and not in their personal capacities) and TA (with respect to TA and with respect to RNW in TA's capacity as Manager of RNW, and on behalf of TA and not in their personal capacities), have represented to TD Securities that, among other things, to the best of their knowledge, information and belief after due inquiry, there have been no valuations or appraisals relating to RNW or TA or any subsidiary or any of their respective material assets or liabilities made in the preceding 24 months and in the possession or control of RNW or TA other than those which have been provided to TD Securities or, in the case of valuations known to RNW or TA which they do not have within their possession or control, notice of which has not been given to TD Securities.

ASSUMPTIONS AND LIMITATIONS

With RNW's acknowledgement and agreement as provided for in the Engagement Agreement, TD Securities has relied upon the accuracy, completeness and fair presentation of all financial and other data and information filed by RNW and TA with securities regulatory or similar authorities (including on the System for Electronic Document Analysis and Retrieval ("SEDAR")), provided to it by or on behalf of RNW, TA or their representatives in respect of RNW, TA and/or their affiliates, or otherwise obtained by TD Securities, including the Certificates identified above (collectively, the "Information"). The Opinion is conditional upon such accuracy, completeness and fair presentation of the Information. Subject to the exercise of professional judgment, and except as expressly described herein, TD Securities has not attempted to verify independently the accuracy, completeness or fair presentation of any of the Information.

With respect to the forecasts, projections or estimates provided to TD Securities and used in its analyses, TD Securities notes that projecting future results is inherently subject to uncertainty. TD Securities has assumed, however, that such forecasts, projections or estimates provided to TD Securities and used in its analyses were prepared using the assumptions identified therein which TD Securities has been advised by RNW and TA are (or were at the time of preparation and continue to be) reasonable in the circumstances. TD Securities expresses no independent view as to the reasonableness of such forecasts, projections and estimates or the assumptions on which they are based.

Senior officers of RNW (with respect to and on behalf of RNW and not in their personal capacities) and TA (with respect to TA and with respect to RNW in TA's capacity as Manager of RNW, and on behalf of TA and not in their personal capacities), have represented and certified to TD Securities in the Certificates that, among other things, to the best of their knowledge, information and belief after due inquiry: (a) that RNW and TA have no information or knowledge of any facts public or otherwise not specifically provided to TD Securities relating to RNW or TA which would reasonably be expected to constitute a material fact with respect to RNW or have a material effect on RNW or the Arrangement; (b) with the exception of forecasts, projections or estimates referred to in subsection (d) below, the information, data and other material (collectively, the "RNW and TA Information") as filed under each of RNW and TA's profile on SEDAR and/or provided to TD Securities by or on behalf of RNW, TA or their respective representatives in respect of RNW or TA, as applicable, and their respective affiliates in connection with the Arrangement is or, in the case of historical RNW and TA Information, was, at the date of preparation, true, complete and accurate in all material respects, and did not and does not contain any untrue statement of a material fact

and does not omit to state a material fact necessary to make the RNW and TA Information not misleading in the light of circumstances in which it was presented; (c) to the extent that any of the RNW and TA Information identified in subsection (b) above is historical, there have been no material changes in any material facts or new material facts since the respective dates thereof which have not been disclosed to TD Securities or updated by more current information not provided to TD Securities by or on behalf of RNW, TA or their representatives in respect of RNW or TA or their respective affiliates, and there has been no material change, financial or otherwise, in the financial condition, assets, liabilities (contingent or otherwise), business, operations or prospects of RNW or TA and no material change has occurred in the RNW and TA Information or any part thereof which would have or which would reasonably be expected to have a material effect on RNW, TA or the Arrangement; (d) any portions of the RNW and TA Information provided to TD Securities (or filed on SEDAR) which constitute forecasts, projections or estimates were prepared using the assumptions identified therein, which, in the reasonable opinion of RNW or TA, as applicable, are (or were at the time of preparation and continue to be) reasonable in the circumstances; (e) there have been no valuations or appraisals relating to RNW or TA or any subsidiary or any of their respective material assets or liabilities made in the preceding 24 months and in the possession or control of RNW and TA, other than those which have been provided to TD Securities or, in the case of valuations known to RNW and TA which they do not have within their possession or control, notice of which has not been given to TD Securities; (f) there have been no verbal or written offers or serious negotiations for or transactions involving any material property of RNW or TA or any of their respective subsidiaries during the preceding 24 months which have not been disclosed to TD Securities; (g) since the dates on which the RNW and TA Information was provided to TD Securities (or filed on SEDAR), no material transaction has been entered into by RNW or TA or any of their respective subsidiaries; (h) other than as disclosed in the RNW and TA Information, neither of RNW or TA nor any of their respective subsidiaries has any material contingent liabilities and there are no actions, suits, claims, proceedings, investigations or inquiries pending or threatened against or affecting the Arrangement, RNW, TA or any of their respective subsidiaries at law or in equity or before or by any federal, national, provincial, state, municipal or other governmental department, commission, bureau, board, agency or instrumentality which may, in any way, materially adversely affect either RNW or TA or their respective subsidiaries, in each case taken as a whole, or the Arrangement; (i) all financial material, documentation and other data concerning the Arrangement, RNW, TA and their respective affiliates, excluding any projections or forecasts provided to TD Securities which are governed by subsection (d), were prepared on a basis consistent in all material respects with the accounting policies applied in the most recent audited consolidated financial statement of RNW or TA, as applicable; (j) there are no agreements, undertakings, commitments or understanding (whether written or oral, formal or informal) relating to the Arrangement, except as have been disclosed in material detail to TD Securities; (k) the contents of any and all documents prepared in connection with the Arrangement for filing with the regulatory authorities or delivery or communication to RNW Shareholders (collectively, the "Disclosure Documents") have been, are and will as of the date of filing, be true, complete and correct in all material respects and have not and will not contain any misrepresentation (as defined in the *Securities Act* (Ontario)) and the Disclosure Documents have complied, comply and will comply with all requirements under applicable laws, as of the date of filing.

In preparing the Opinion, TD Securities has made a number of assumptions, including that all final or executed versions of agreements and documents will conform in all material respects to the drafts provided to TD Securities, that all conditions precedent to the consummation of the Arrangement can and will be satisfied, that all approvals, authorizations, consents, permissions, exemptions or orders of relevant regulatory authorities, courts of law, or third parties required in respect of or in connection with the Arrangement will be obtained in a timely manner, in each case without adverse condition, qualification, modification or waiver, that all steps or procedures being followed to implement the Arrangement are valid and effective and comply in all material respects with all applicable laws and regulatory requirements, that

all required documents (including the Circular) will be distributed to RNW Shareholders in accordance with applicable laws and regulatory requirements, and that the disclosure in such documents will be complete and accurate in all material respects and such disclosure will comply in all material respects with the requirements of all applicable laws and regulatory requirements. In its analysis in connection with the preparation of the Opinion, TD Securities made numerous assumptions with respect to industry performance, general business and economic conditions and other matters, many of which are beyond the control of TD Securities, RNW, TA and their respective subsidiaries and affiliates or any other party involved in the Arrangement. Among other things, TD Securities has assumed the accuracy, completeness and fair presentation of and has relied upon the financial statements forming part of the Information. The Opinion is conditional on all such assumptions being correct.

The Opinion has been provided for the exclusive use of the Special Committee in connection with the Arrangement and is not intended to be, and does not constitute, a recommendation as to how any Shareholder should vote with respect to the Arrangement or a recommendation to the Special Committee to enter into the Arrangement Agreement. The Opinion may not be used or relied upon by any other person or for any other purpose without the express prior written consent of TD Securities. The Opinion does not address the relative merits of the Arrangement as compared to other transactions or business strategies that might be available to RNW, nor does it address the underlying business decision to implement the Arrangement or any other term or aspect of the Arrangement or the Arrangement Agreement or any other agreements entered into or amended in connection with the Arrangement. In considering fairness, from a financial point of view, TD Securities considered the Arrangement from the perspective of RNW Shareholders generally and did not consider the specific circumstances of any particular RNW Shareholder, including with regard to income tax considerations. TD Securities expresses no opinion with respect to future trading prices of securities of RNW. The Opinion is rendered as of July 10, 2023, on the basis of securities markets, economic and general business and financial conditions prevailing on that date and the condition and prospects, financial and otherwise, of RNW and its subsidiaries and affiliates as they were reflected in the Information provided to or otherwise available to TD Securities. Any changes therein may affect the Opinion and, although TD Securities reserves the right to change, withdraw or supplement the Opinion in such event, it disclaims any undertaking or obligation to advise any person of any such change that may come to its attention, or to change, withdraw or supplement the Opinion after such date. TD Securities is not an expert on, and did not provide advice to the Special Committee regarding, legal, accounting, regulatory or tax matters. The Opinion may not be summarized, published, reproduced, disseminated, quoted from or referred to without the express written consent of TD Securities.

The preparation of a fairness opinion, such as the Opinion, is a complex process and is not necessarily amenable to partial analysis or summary description. TD Securities believes that its analyses must be considered as a whole and that selecting portions of the analyses or the factors considered by it, without considering all factors and analyses together, could create an incomplete or misleading view of the process underlying the Opinion. Accordingly, the Opinion should be read in its entirety.

OVERVIEW OF RNW

RNW is among the largest publicly traded independent power producers in Canada. RNW owns an interest in 26 wind facilities, 11 hydroelectric facilities, eight natural gas generation facilities, two solar facilities, one natural gas pipeline and one battery storage project, representing 2,965 megawatts ("MWs") of owned generating capacity across Canada, the U.S. and Australia.

APPROACH TO FAIRNESS

In considering the fairness of the Consideration from a financial point of view to the RNW Shareholders, TD Securities principally considered and relied upon the following: (i) a comparison of the Consideration to the results of a discounted cash flow ("DCF") analysis of RNW (the "DCF Analysis"); and (ii) a comparison of multiples implied by the Consideration to multiples paid in selected relevant precedent transactions (the "Precedent Transactions Analysis"). TD Securities also reviewed, but did not rely upon, historical trading prices of the RNW Shares, the implied premium of the Consideration relative to the trading price of the RNW Shares and relevant precedent transaction premia, trading multiples of comparable companies, and analyst consensus views on target prices.

TD Securities considered, among other things, the liquidity of TA common shares and the small proportion of TA's market capitalization that the common share portion of the Consideration represents, and concluded that the current market trading price of the TA common shares was indicative of the value of the TA common shares for purposes of assessing the common share portion of the Consideration.

DCF Analysis

The DCF methodology reflects the growth prospects and risks inherent to RNW by taking into account the amount, timing and relative certainty of projected free cash flows expected to be generated by RNW. The DCF approach requires that certain assumptions be made regarding, among other things, future free cash flows, discount rates and terminal values. The possibility that some of the assumptions will prove to be inaccurate is one factor involved in the determination of the discount rates to be used in establishing a range of values. TD Securities' DCF analysis of RNW involved discounting to a present value the projected levered after-tax free cash flows from January 1, 2024 to December 31, 2033, including a terminal value determined as at December 31, 2033, under the five forecast cases outlined below, utilizing an appropriate cost of equity as the discount rate.

Assumptions

As a basis for the development of the projected free cash flows for the DCF analysis, TD Securities reviewed four cases of unaudited projected operating and financial information for RNW for the fiscal years ending December 31, 2023 through December 31, 2062, provided by management of RNW and TA, in its capacity as Manager of RNW (together, "Management" and the "Management Forecasts"). At the request of the Special Committee, TD Securities also prepared one case of unaudited projected operating and financial information for RNW for the fiscal years ending December 31, 2023 through December 31, 2062 (the "Special Committee Case"). TD Securities reviewed the relevant underlying assumptions including, but not limited to, earnings before interest, taxes, depreciation and amortization ("EBITDA") growth, corporate overhead expenses, capital expenditures, and Management's estimate of potential synergies available to TA and other potential acquirors of RNW.

Forecasts

The four Management Forecasts provided by Management are described below:

"No Repowering Case": This forecast case assumed the existing RNW assets would continue to operate until the end of their useful lives and that no repowering or extension of the existing assets would occur. This forecast case also assumed three projects that are currently under construction are completed and operated until the end of their useful lives. No additional growth projects were included.

"Base Case": In addition to the forecasted results in the No Repowering Case, this forecast case assumed the incremental repowering and life extension for select existing assets of RNW.

"2 GW Growth Case": In addition to the forecasted results in the Base Case, this forecast case assumed an incremental four growth pipeline assets would be developed and operated, totaling 169 MWs of incremental annual generation once developed.

"Full Growth Case": In addition to the forecasted results in the Base Case, this forecast case assumed an incremental nine growth pipeline assets would be developed and operated, totaling 794 MWs of incremental annual generation once developed.

The Special Committee Case is described below:

Special Committee Case: In addition to the forecasted results in the Base Case, this forecast case assumed that all of the collective growth pipeline assets of RNW and TA are split relatively evenly, resulting in each of RNW and TA developing and operating ~50% of the MWs associated with the collective growth pipeline assets (excluding repowerings and extensions). This forecast was presented to and approved by the Special Committee.

Discount Rates

Projected levered after-tax free cash flows for RNW were discounted utilizing the cost of equity. TD Securities used the capital asset pricing model ("CAPM") approach to determine the appropriate cost of equity. The CAPM approach calculates the cost of equity with reference to the risk-free rate of return, the volatility of equity prices relative to a benchmark ("beta") and the equity risk premium. TD Securities reviewed a range of unlevered betas for RNW and a select group of comparable companies that have risks similar to RNW in order to select the appropriate beta for RNW. The selected unlevered beta was levered using the assumed optimal capital structure and was then used to calculate the cost of equity. TD Securities also applied a size premium to arrive at the cost of equity.

The base assumptions used by TD Securities in estimating the cost of equity for RNW were as follows:

Cost of Equity	
Risk Free Rate (10-Year Government of Canada Bonds)	3.5%
Equity Risk Premium (1)	5.6%
Size Premium (2)	0.9%
Unlevered Beta	0.60
Levered Beta	0.91
After-Tax Cost of Equity	9.5%

(1) Source: International Equity Risk Premium Report from Kroll, Inc.as of December 31, 2022
(2) Source: 5th decile from Kroll, Inc. CRSP Deciles Size Premia Study as of December 31, 2022

Based upon the foregoing and taking into account sensitivity analyses on the variables discussed above, TD Securities determined the appropriate cost of equity for RNW to be in the range of 8.5% to 10.5%.

Synergies

Based upon discussions with Management, TD Securities concluded that the synergies that could be realized by a strategic purchaser of RNW would include a reduction of certain operating, general and administrative expenses, including the elimination of public company costs. For the purposes of the

Opinion, TD Securities assumed that a purchaser of RNW would be willing to pay for 50% of the value of these synergies in an open auction of RNW. TD Securities reflected this amount in its DCF analysis.

Terminal Value

TD Securities calculated the terminal value for RNW using a selected enterprise value ("Enterprise Value") / EBITDA multiple range of 10.0x to 12.0x and applied it to the EBITDA in the terminal year (FY2033). These multiples were selected based on our analysis of selected precedent transactions and an assessment of the growth prospects and risks for RNW beyond the terminal year.

Summary of DCF Analysis

TD Securities placed emphasis on the Base Case, 2 GW Growth Case and Full Growth Case forecasts in its analysis and less focus on the No Repowering Case forecast as this forecast was deemed to be very conservative. The Consideration is within the range and above the mid-point of the results generated by the DCF approach utilizing all four Management Forecasts and the Special Committee Case and taking into account sensitivity analyses on the variables discussed above.

Precedent Transactions Analysis

En Bloc Precedent Transactions

TD Securities reviewed and compared certain publicly available information with respect to select precedent transactions involving North American power companies, including wind, solar, battery storage, natural gas, and hydro as the primary fuel type. TD Securities calculated the average and median Enterprise Value / projected next fiscal year EBITDA ("FY+1 EBITDA") multiples since 2016 for such transactions as set forth in the table below:

	Average	Median	Selected Range (Low)	Selected Range (High)
Select North American Corporate Power Transactions.....	11.9x	11.5x	10.0x	12.0x

Sum-of-the-Parts ("SOTP") Precedent Transactions

TD Securities reviewed and compared certain publicly available information with respect to select precedent transactions involving select North American power portfolios or assets to inform a SOTP analysis. These precedent transactions were organized based on their primary fuel type to reflect the composition of fuel type segments in RNW's business. TD Securities also evaluated select precedent transactions involving North American renewable power development companies, with a pipeline of assets ranging from early-stage to in-construction. TD Securities calculated the average and median FY+1 EBITDA multiples since 2017 for such transactions as set forth in the following table. In addition, TD Securities selected a multiple range for RNW's Mt. Keith Transmission asset based on the mid-point multiple estimate of 10.5x provided in select equity research reports.

	Average	Median	Selected Range (Low)	Selected Range (High)
Select Contracted Wind, Solar & Battery Storage Transactions	10.3x	10.3x	9.0x	11.0x
Select North American Contracted Gas Transactions	8.5x	8.8x	7.0x	9.0x
Select Australian Natural Gas Transactions	8.3x	7.7x	7.0x	9.0x
Select Contracted Hydro Transactions	13.2x	12.7x	12.0x	14.0x
Select Development Transactions	$0.05mm/MW	$0.05mm/MW	$0.04mm/MW	$0.06mm/MW
Selected Range for Mt. Keith Transmission			9.0x	12.0x
Implied Weighted Average Range for RNW			**8.4x**	**10.5x**

Summary of Precedent Transactions Analysis

En Bloc

The FY+1 EBITDA multiple implied by the Consideration of 10.2x is below the average and median multiples observed in the select precedent transactions but is within the selected range of 10.0x to 12.0x.

The selected range of 10.0x to 12.0x captures the lower end of the precedent transactions for the following reasons: (i) RNW's comparatively smaller pipeline of development assets relative to the target companies in the selected transactions, (ii) RNW's higher exposure to thermal assets relative to the target companies in the selected transactions, (iii) the lower weighted average remaining life of Power Purchase Agreements ("PPAs") on RNW's assets relative to the target companies in the selected transactions, and (iv) the lack of an in-house management and development team relative to the target companies in the selected transactions. Each of these factors contribute to a lower observed FY+1 EBITDA multiple, resulting in our selected range of 10.0x to 12.0x relative to the average and median of 11.9x and 11.5x, respectively, for our selected precedent transactions.

SOTP

The FY+1 EBITDA multiple implied by the Consideration of 10.2x is within the implied weighted average range of multiples by net capacity from the selected SOTP precedent transactions of 8.4x to 10.5x.

CONCLUSION

Based upon and subject to the foregoing and such other matters that TD Securities considered relevant, TD Securities is of the opinion that, as of July 10, 2023, the Consideration to be received pursuant to the Arrangement by RNW Shareholders, other than TA and its affiliates, is fair, from a financial point of view, to such RNW Shareholders.

Yours very truly,

TD Securities Inc.

TD SECURITIES INC.

APPENDIX G

INFORMATION CONCERNING TRANSALTA CORPORATION

Notice to Reader

Unless the context indicates otherwise, capitalized terms which are used in this Appendix G and not otherwise defined in this Appendix G have the meanings given to such terms under the heading "*Glossary of Terms*" in this Circular.

Forward-Looking Statements

Certain statements contained in this Appendix G, and in the documents incorporated by reference herein, constitute forward-looking information and forward-looking statements (collectively referred to as "forward-looking statements") within the meaning of Applicable Canadian Securities Laws about TransAlta's current expectations, estimates and projections about the future, based on certain assumptions made in light of experiences and perceptions of historical trends. See "*Introductory Information – Forward-Looking Statements*" in this Circular. Readers should also carefully consider the matters and cautionary statements discussed under the heading "*Risk Factors*" in this Appendix G and the TransAlta AIF.

Documents Incorporated by Reference

Information in respect of TransAlta has been incorporated by reference in this Appendix G from documents filed with the securities commissions or similar securities regulatory authorities in each province of Canada. Copies of the documents incorporated herein by reference may be obtained under TransAlta's issuer profile on SEDAR at www.sedarplus.ca, or on request, without charge, from TransAlta's Corporate Secretary, at 1400, 1100 - 1st Street S.E. Calgary, Alberta T2G 1B1.

The following documents of TransAlta, filed with the securities commissions or similar securities regulatory authorities in each province of Canada, are specifically incorporated by reference into and form part of this Circular:

(a) the TransAlta AIF;

(b) the Management Proxy Circular dated March 17, 2023 in respect of TransAlta's annual and special meeting of TransAlta Shareholders held on April 28, 2023;

(c) the audited annual consolidated financial statements of TransAlta as at and for the years ended December 31, 2022 and 2021, together with the notes thereto and the auditors' report thereon (the "**TransAlta Annual Financial Statements**");

(d) the TransAlta 2022 Annual MD&A;

(e) the unaudited interim consolidated financial statements of TransAlta as at and for the three and six months ended June 30, 2023, together with the notes thereto (the "**TransAlta Interim Financial Statements**");

(f) the TransAlta Interim MD&A; and

(g) the Material Change Report of TransAlta dated July 19, 2023 in respect of the Arrangement.

Any documents of the type described in Section 11.1 of Form 44-101F1 – *Short Form Prospectus* filed by TransAlta with the applicable securities regulatory authorities subsequent to the date of this Circular and prior to the Meeting shall be deemed to be incorporated by reference in this Circular.

Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purposes of this Circular to the extent that a statement contained herein or in any other subsequently filed document which also is, or is deemed to be, incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Circular.

Agent for Service of Process

Thomas M. O'Flynn, Sarah A. Slusser, Laura W. Folse and Alan J. Fohrer are directors of TransAlta who reside outside of Canada. They have each appointed TransAlta, at 1400, 1100 - 1st Street S.E. Calgary, Alberta T2G 1B1, as agent for service of process. It may not be possible to enforce judgments obtained in Canada against any person that resides outside of Canada, even if the party has appointed an agent for service of process.

Summary of the Business

TransAlta and its predecessors have been engaged in the development, production and sale of electric energy since 1911 and is among Canada's largest non-regulated electricity generation and energy marketing companies with 7,387 MW of gross installed capacity. TransAlta is focused on generating and marketing electricity in Canada, the United States and Western Australia through its diversified portfolio of facilities including hydro, wind, solar, energy storage, natural gas and coal. TransAlta is undertaking a multi-year transition to convert or retire all of its coal units completely by the end of 2025. TransAlta's energy marketing operations maximize margins by securing and optimizing high-value products and markets for itself and its customers in dynamic market conditions.

TransAlta's diversified portfolio of power generating assets across multiple geographies, technologies and mix of merchant and contracted assets provides cash flows that support its ability to pay dividends to its shareholders, reinvest in growth and fund sustaining and capital expenditures.

TransAlta's head and registered office is located at 1400, 1100 - 1st Street S.E. Calgary, Alberta T2G 1B1. TransAlta Shares are listed on the TSX under the symbol "TA" and on the NYSE under the symbol "TAC".

Further details concerning TransAlta, including information with respect to TransAlta's assets, operations and history, are provided in the TransAlta AIF. Readers are encouraged to thoroughly review the TransAlta AIF as it contains important information about TransAlta.

Recent Developments

On July 10, 2023 TransAlta entered into the Arrangement Agreement with Renewables, pursuant to which TransAlta proposed to, among other things, acquire all of the issued and outstanding Renewables Shares not already owned, directly or indirectly, by TransAlta, by way of a plan of arrangement under the Act. For a full description of the Arrangement and the Arrangement Agreement, see "*Details of the Arrangement – The Arrangement Agreement*". Also see "*Information Relating to TransAlta After the Arrangement – Pro Forma Financial Information*" and Appendix H "*Information Concerning TransAlta Renewables Inc.*"

On August 4, 2023, TransAlta announced, in conjunction with the release of the TransAlta Interim MD&A, that the Northern Goldfields solar project has entered its commissioning phase, that the Mount Keith 132 kV expansion project is expected to be operational in the second half of 2023, and that construction at the both the Horizon Hill and the White Rock wind projects is advancing well.

On August 11, 2023, TransAlta achieved commercial operations on its 130 MW Garden Plain wind facility, located approximately 30 km north of Hanna, Alberta. The Garden Plain wind facility is supported by a long-term power purchase agreement with Pembina Pipeline Corporation for the offtake of 100 MW and a power purchase agreement with PepsiCo Canada for the remaining 30 MW.

Consolidated Capitalization

There has been no material change in TransAlta's share or debt capital structure since June 30, 2023. Readers should refer to the TransAlta Interim Financial Statements and the related TransAlta Interim MD&A, which are specifically incorporated by reference in this Circular.

Description of Share Capital

TransAlta's authorized share capital as of the date hereof consists of an unlimited number of TransAlta Shares and an unlimited number of first preferred shares, issuable in series. As at August 24, 2023, there were 263,376,588 TransAlta Shares outstanding and 9,629,913 Series A Shares, 2,370,087 Series B Shares, 9,955,701 Series C Shares, 1,044,299 Series D Preferred Shares, 9,000,000 Series E Shares, 6,600,000 Series G Shares and 400,000 Series I Shares outstanding (as such series are defined in the TransAlta AIF).

Each TransAlta Share entitles the holder thereof to one vote for each TransAlta Share held at all meetings of TransAlta Shareholders, except meetings at which only holders of another specified class or series of shares are entitled to vote, to receive dividends if, as and when declared by the TransAlta Board, subject to prior satisfaction of preferential dividends applicable to any first preferred shares, and to participate rateably in any distribution of TransAlta's assets upon a liquidation, dissolution or winding up and subject to prior rights and privileges attaching to first preferred shares. The TransAlta Shares are not convertible and are not entitled to any preemptive rights. The TransAlta Shares are not entitled to cumulative voting.

For a description of the first preferred shares of TransAlta, see "*Capital and Loan Structure*" in the TransAlta AIF, which is incorporated by reference in this Circular.

Dividend Policy

Dividends on the TransAlta Shares are paid at the discretion of the TransAlta Board. In determining the payment and level of future dividends, the TransAlta Board considers financial performance, results of operations, cash flow and needs with respect to financing ongoing operations and growth, balanced against returning capital to shareholders. The TransAlta Board continues to focus on building sustainable earnings and cash flow growth.

TransAlta has declared the following dividends per share on the outstanding TransAlta Shares for the past two years:

Period		Dividend per TransAlta Share
2021	Third Quarter	$0.045
	Fourth Quarter	$0.05
2022	First Quarter	$0.05
	Second Quarter	$0.05
	Third Quarter	$0.05
	Fourth Quarter	$0.055
2023	First Quarter	$0.055
	Second Quarter	$0.055
	Third Quarter	$0.055

Prior Sales

During the 12-month period prior to the date of this Circular, TransAlta has not sold or issued any TransAlta Shares, first preferred shares of TransAlta or securities convertible into TransAlta Shares or first preferred shares of TransAlta, other than as follows:

Date of Grant	Number and Type of Securities	Issue/Exercise Price	Reason for Issuance
September 12, 2022	8,152 Stock Options	$12.11	Stock Option grant
September 12, 2022	7,442.44 Restricted Share Units ("**RSUs**")	$12.11	Security-based compensation
September 12, 2022	3,382.91 Performance Share Units ("**PSUs**")	$12.11	Security-based compensation
September 12, 2022	20,644.10 RSUs	$12.11	Security-based compensation
January 1, 2023	183,559 Stock Options	$12.02	Stock Option grant
January 1, 2023	188,244 Stock Options	$12.02	Stock Option grant
January 1, 2023	624,289.24 PSUs	$12.02	Security-based compensation
January 1, 2023	26,367.10 PSUs	US$8.86	Security-based compensation
January 1, 2023	297,287.09 RSUs	$12.02	Security-based compensation
January 1, 2023	13,183.55 RSUs	US$8.86	Security-based compensation
March 14, 2023	4,547.52 PSUs	$11.47	Security-based compensation
March 14, 2023	2,273.76 RSUs	$11.47	Security-based compensation
March 14, 2023	2,794.81 RSUs	$11.47	Security-based compensation
March 15, 2023	984,451.11 RSUs	$11.37	Security-based compensation
March 15, 2023	4,996.46 RSUs	US$8.22	Security-based compensation

Market Trading Price and Volume

TransAlta Shares trade on the TSX under the symbol "TA" and the NYSE under the symbol "TAC". On July 10, 2023, the last full trading day prior to the public announcement of the signing of the Arrangement Agreement, the closing price per share of TransAlta Shares on the TSX was $12.23, and on the NYSE was US$9.21. On August 24, 2023 the closing price per share of TransAlta Shares on the TSX was $13.29, and on the NYSE was US$9.77.

The following table shows the monthly range of high and low intraday prices and the total monthly volumes of the TransAlta Shares, on the TSX and NYSE, for the periods indicated. Numbers have been rounded to the nearest whole cent.

	TSX			**NYSE**		
	Price Range ($ per share)		**Trading Volume**	**Price Range** (US$ per share)		**Trading Volume**
	High	**Low**		**High**	**Low**	
2022						
August	14.67	12.06	19,137,263	11.43	9.19	11,038,400
September	12.97	11.72	20,401,144	9.64	8.82	8,536,300

	TSX			NYSE		
	Price Range ($ per share)		Trading Volume	Price Range (US$ per share)		Trading Volume
	High	Low		High	Low	
October	12.85	10.52	14,482,967	9.43	7.55	8,216,400
November	13.00	11.40	17,579,299	9.69	8.42	8,590,600
December	13.29	11.79	13,482,023	9.81	8.66	7,706,700
2023						
January	13.64	11.85	10,563,874	10.24	8.72	5,895,500
February	12.87	11.02	13,935,699	9.70	8.08	7,533,200
March	11.93	10.60	14,287,018	8.81	7.69	8,213,700
April	12.47	11.65	9,870,829	9.33	8.62	5,240,100
May	13.48	12.04	12,229,463	10.07	8.85	6,202,900
June	13.45	12.02	11,660,760	10.07	9.05	7,068,300
July	13.68	11.54	11,299,250	10.36	8.69	9,040,800
August (1 – 24)	13.97	13.10	10,953,864	10.40	9.67	6,679,609

Ratings

Credit ratings provide information relating to TransAlta's financing costs, liquidity and operations and affect TransAlta's ability to obtain short-term and long-term financing and/or the cost of such financing. Maintaining a strong balance sheet also allows TransAlta's commercial team to contract TransAlta's portfolio with a variety of counterparties on terms and prices that are favourable to financial results and provides TransAlta with better access to capital markets through commodity and credit cycles. TransAlta remains focused on strengthening its financial position and cash flow coverage ratios to ensure a strong balance sheet is maintained and sufficient financial capital is available. TransAlta's credit ratings as of August 25, 2023, are as follows:

	DBRS	Moody's	S&P
Issuer Rating	BBB (low)	Not Applicable	BB+
Corporate Family Rating	Not Applicable	Ba1	Not Applicable
Preferred Shares	Pfd-3 (low)[(1)]	Not Applicable	P-4 (High)
Medium-term notes/MTNs	BBB (low)	Ba1/LGD4	BB+
Rating Outlook	Stable	Stable	Stable

Note: (1) The outstanding first preferred shares all have the same rating.

In 2023, Moody's reaffirmed its Corporate Family Rating ("**CFR**") of Ba1 and maintained its rating outlook at stable. In 2023, DBRS reaffirmed TransAlta's medium-term notes rating of BBB (low), and TransAlta's preferred shares rating of Pfd-3 (low), all with stable trends. In 2022, S&P reaffirmed TransAlta's Issuer Credit Rating and Senior Unsecured Debt rating of BB+ with a stable outlook.

DBRS

DBRS corporate rating analysis begins with an evaluation of the fundamental creditworthiness of the issuer, which is reflected in an "issuer rating." Issuer ratings address the overall credit strength of the issuer. Unlike ratings on individual securities or classes of securities, issuer ratings are based on the entity itself and do not include consideration for security or ranking. Ratings that apply to actual securities (secured or unsecured) may be higher, lower or equal to the issuer rating for a given entity. As of December 31, 2022, TransAlta's issuer rating was BBB (low) (stable) from DBRS. A BBB rating is the fourth highest out of 10 categories.

The DBRS preferred share rating scale is used in the Canadian securities market and is meant to give an indication of the risk that a borrower will not fulfil its full obligations in a timely manner, with respect to both dividend and principal commitments. Every DBRS rating is based on quantitative and qualitative considerations relevant to the borrowing entity. Each rating category is denoted by the subcategories "high" and "low." The absence of either a "high" or "low" designation indicates the rating is in the middle of the

category. Preferred shares rated Pfd-3 are of adequate credit quality. While protection of dividends and principal is still considered acceptable, the issuing entity is more susceptible to adverse changes in financial and economic conditions, and there may be other adverse conditions present that detract from debt protection. Each of the Series A Shares, Series B Shares, Series C Shares, Series E Shares and Series G Shares have been rated Pfd-3 (low) (stable) by DBRS. The Pfd-3 rating is the third highest out of six categories.

The DBRS long-term rating scale provides an opinion on the risk of default, which is the risk that an issuer will fail to satisfy its financial obligations in accordance with the terms under which an obligation has been issued. Ratings are based on quantitative and qualitative considerations relevant to the issuer, and the relative ranking of claims. All rating categories other than AAA and D also contain subcategories "high" and "low". The absence of either a "high" or "low" designation indicates the rating is in the middle of the category. Debt securities rated BBB are of adequate credit quality. The capacity for the payment of financial obligations is considered acceptable, but may be vulnerable to future events.

Moody's

Moody's CFRs are long-term ratings that reflect the relative likelihood of a default on a corporate family's debt and debt-like obligations and the expected financial loss suffered in the event of default. A CFR is assigned to a corporate family as if it had a single class of debt and a single consolidated legal entity structure. A CFR does not reference an obligation or class of debt and thus does not reflect priority of claim. As at December 31, 2022, TransAlta's CFR was Ba1 with a stable outlook. Obligations rated Ba are judged to be speculative and are subject to substantial credit risk. Moody's appends the numerical modifiers 1, 2, and 3 to each generic rating classification from Aa through Caa. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category. The Ba rating category is the fifth-highest rating out of nine rating categories.

Moody's long-term ratings are assigned to issuers or obligations with an original maturity of one year or more and reflect both on the likelihood of a default on contractually promised payments and the expected financial loss suffered in the event of default. As of December 31, 2022, TransAlta's senior unsecured long-term debt was rated Ba1 / LGD4 by Moody's. The Ba rating category is the fifth-highest rating out of nine rating categories. Obligations rated Ba are judged to be speculative and are subject to substantial credit risk.

Moody's Loss Given Default ("**LGD**") assessments are opinions about expected loss given default expressed as a per cent of principal and accrued interest at the resolution of the default. One of the six LGD assessments are assigned to individual loan, bond, and preferred stock issues. The firm-wide or enterprise expected LGD rate generally approximates a weighted average of the expected LGD rates on the firm's liabilities (excluding preferred stock), where the weights equal each obligation's expected share of the total liabilities at default. As of December 31, 2022, TransAlta's LGD assessment from Moody's was LGD4, which represents a loss range of greater than or equal to 50 per cent and less than 70 per cent. LGD4 is the fourth-highest assessment category out six categories.

S&P

The S&P issue credit rating is a forward-looking opinion about the creditworthiness of an obligor with respect to a specific financial obligation, a specific class of financial obligations or a specific financial program (including ratings on medium-term note programs and commercial paper programs). It takes into consideration the creditworthiness of guarantors, insurers or other forms of credit enhancement on the obligation and takes into account the currency in which the obligation is denominated. The opinion reflects S&P view of the obligor's capacity and willingness to meet its financial commitments as they come due, and may assess terms, such as collateral security and subordination, which could affect ultimate payment in the event of default. As at December 31, 2022, TransAlta's issuer credit rating was BB+ with a stable outlook with S&P. This is the fifth highest of 11 ratings categories. The ratings from AA to CCC may be

modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories.

The S&P Canadian preferred share rating scale serves issuers, investors, and intermediaries in the Canadian financial markets by expressing preferred share ratings (determined in accordance with global rating criteria) in terms of rating symbols that have been actively used in the Canadian market over a number of years. The S&P preferred share rating on the Canadian scale is a forward-looking opinion about the creditworthiness of an obligor with respect to a specific preferred share obligation issued in the Canadian market, relative to preferred shares issued by other issuers in the Canadian market. There is a direct correspondence between the specific ratings assigned on the Canadian preferred share scale and the various rating levels on the global debt rating scale of S&P. Each of TransAlta's outstanding Preferred Shares Series has been rated P-4 (High) by S&P. The P-4 (High) rating is the fourth highest of eight categories. A P-4 (High) rating corresponds to a B+ rating on the global preferred share rating scale. Obligors rated BB, B, CCC, and CC are regarded as having significant speculative characteristics, of which BB indicates the least degree of speculation and CC the highest. While such obligors will likely have some quality and protective characteristics, these may be outweighed by large uncertainties or major exposures to adverse conditions. An obligor rated B is less vulnerable in the near term than other lower-rated obligors. However, it faces major ongoing uncertainties and exposure to adverse business, financial, or economic conditions which could lead to the obligor's inadequate capacity to meet its financial commitments.

TransAlta is focused on maintaining a strong financial position and cash flow coverage ratios to support its business. TransAlta's available credit facilities, funds from operations and debt financing options provide it with financial flexibility.

Note Regarding Credit Ratings

The credit ratings accorded to TransAlta's outstanding securities by DBRS, Moody's and the S&P as applicable, are not recommendations to purchase, hold or sell such securities. There is no assurance that the ratings will remain in effect for any given period or that a rating will not be revised or withdrawn entirely by DBRS, Moody's or the S&P Global Ratings in the future if, in its judgement, circumstances so warrant.

TransAlta has paid fees for rating services to DBRS, Moody's, and the S&P during the last two years. They have also paid fees to the S&P, DBRS and Kroll Bond Rating Agency for certain other services provided during the last two years.

Significant Acquisitions

TransAlta has not completed any acquisitions within the past 75 days of the date hereof that are "significant acquisitions" for the purposes of Part 8 of National Instrument 51-102 – *Continuous Disclosure Obligations* ("**NI 51-102**"), nor does TransAlta have any proposed acquisitions that have progressed to the point that a reasonable person would believe that the likelihood of the acquisition being completed is high and which would constitute a "significant acquisition" for the purposes of Part 8 of NI 51-102, other than the Arrangement described in this Circular.

Interest of Informed Persons in Material Transactions

Except as otherwise disclosed in this Circular, there are no material interests, direct or indirect, of any director or executive officer, or any person who beneficially owns, directly or indirectly, or exercises control or direction over, more than 10% of the voting rights attached to all outstanding securities of TransAlta, or other Informed Person (as defined in NI 51-102) in any transaction since the beginning of TransAlta's last completed financial year or in any proposed transaction that has materially or will materially affect TransAlta or any of its subsidiaries. See "*Other Information Relating to the Arrangement – Interests of Certain Persons or Companies in the Arrangement*" in this Circular.

Risk Factors

Whether or not the Arrangement is completed, TransAlta will continue to face many risk factors that it currently faces with respect to its business and affairs. An investment in TransAlta Shares or other securities of TransAlta is subject to certain risks which may differ from or be in addition to the risks applicable to an investment in Renewables. Investors should carefully consider the risk factors described under the heading "*Risk Factors"* in the TransAlta AIF, TransAlta 2022 Annual MD&A and TransAlta Interim MD&A, which are incorporated by reference in this Circular and available on SEDAR at www.sedarplus.ca, in conjunction with the risk factors relating to the Transaction discussed under the heading "*Other Information Relating To The Arrangement – Risk Factors*" in this Circular.

Auditor, Transfer Agent and Registrar

TransAlta's auditor is Ernst & Young LLP, Chartered Professional Accountants, located at Calgary City Centre Suite 2200, 215 2nd Street S.W., Calgary, Alberta T2P 1M4.

TransAlta's transfer agent and registrar for the TransAlta Shares is Computershare Trust Company of Canada. TransAlta Shares are transferable in Vancouver, Calgary, Toronto, Montréal and Halifax. TransAlta's transfer agent and registrar for the TransAlta Shares in the United States is Computershare Trust Company at its principal office in Jersey City, New Jersey.

Additional Information

Additional information in relation to TransAlta may be found under TransAlta's profile on SEDAR at www.sedarplus.ca and EDGAR at www.sec.gov.

Additional information including directors' and officers' remuneration and indebtedness, principal holders of TransAlta's securities and securities authorized for issuance under equity compensation plans (all where applicable) is contained in TransAlta's Management Proxy Circular for the most recent annual and special meeting of TransAlta Shareholders that involved an election of directors and can be obtained upon request from TransAlta's Investor Relations department, or as filed on SEDAR at www.sedarplus.ca and EDGAR at www.sec.gov.

Additional financial information is provided in TransAlta's Annual Financial Statements, and in the related TransAlta 2022 Annual MD&A, each of which is incorporated by reference in this Circular.

APPENDIX H

INFORMATION CONCERNING TRANSALTA RENEWABLES INC.

Notice to Reader

Unless the context indicates otherwise, capitalized terms which are used in this Appendix H and not otherwise defined in this Appendix H have the respective meanings given to such terms under the heading "*Glossary of Terms*" in this Circular.

Forward-Looking Statements

Certain statements contained in this Appendix H, and in the documents incorporated by reference herein, constitute forward-looking information and forward-looking statements (collectively referred to as "forward-looking statements") within the meaning of Applicable Canadian Securities Laws about Renewables' current expectations, estimates and projections about the future, based on certain assumptions made in light of experiences and perceptions of historical trends. See "*Introductory Information – Forward-Looking Statements*" in this Circular. Readers should also carefully consider the matters and cautionary statements discussed under the heading "*Risk Factors*" in this Appendix H and the Renewables AIF.

Documents Incorporated by Reference

Information in respect of Renewables has been incorporated by reference in this Appendix H from documents filed with the securities commissions or similar securities regulatory authorities in each province of Canada. Copies of the documents incorporated herein by reference may be obtained under Renewables' issuer profile on SEDAR or on request without charge from Renewables' Corporate Secretary, at 1400, 1100 - 1st Street S.E. Calgary, Alberta T2G 1B1.

The following documents of Renewables, filed with the securities commissions or similar securities regulatory authorities in each province of Canada, are specifically incorporated by reference into and form an integral part of this Circular:

(a) Renewables AIF;

(b) the Management Proxy Circular dated March 24, 2023 in respect of Renewables' annual meeting of Renewables Shareholders held on May 4, 2023;

(c) the audited annual consolidated financial statements of Renewables as at and for the years ended December 31, 2022 and 2021 together with the notes thereto and the auditors' report thereon (the "**Renewables Annual Financial Statements**");

(d) Renewables 2022 Annual MD&A;

(e) the unaudited interim consolidated financial statements of Renewables as at and for the three and six months ended June 30, 2023, together with the notes thereto (the "**Renewables Interim Financial Statements**");

(f) Renewables Interim MD&A; and

(g) the Material Change Report of Renewables dated July 19, 2023 in respect of the Arrangement.

Any documents of the type described in Section 11.1 of Form 44-101F1 – *Short Form Prospectus* filed by Renewables with the applicable securities regulatory authorities subsequent to the date of this Circular and prior to the Meeting shall be deemed to be incorporated by reference in this Circular.

Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purposes of this Circular to the extent that a statement contained herein or in any other subsequently filed document which also is, or is deemed to be, incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Circular.

Agent for Service of Process

Georganne M. Hodges, Michael J. Novelli, and Susan M. Ward are directors of Renewables who reside outside of Canada. They have each appointed Renewables, at 1400, 1100 - 1st Street S.E. Calgary, Alberta T2G 1B1, as agent for service of process. It may not be possible to enforce judgments obtained in Canada against any person that resides outside of Canada, even if the party has appointed an agent for service of process.

Summary of the Business

Renewables is one of the largest generators of wind power in Canada and is among the country's largest publicly traded renewable power generation companies. Renewables' asset platform is diversified in terms of geography, generation and counterparties and consist of interests in 26 wind facilities, 11 hydroelectric facilities, eight natural gas generation facilities, two solar facilities, one natural gas pipeline, and one battery storage facility, representing an ownership interest of 2,965 MW of owned generating capacity. Renewables operations span three countries: Canada, the United States and Australia. In Canada, Renewables' assets are located in the provinces of British Columbia, Alberta, Ontario, Québec, and New Brunswick. In the United States, Renewables holds economic interests in assets located in the states of Washington, Wyoming, Minnesota, Michigan, North Carolina, Pennsylvania, Massachusetts, and New Hampshire. Renewables also holds economic interests located in the State of Western Australia.

Renewables' was formed to own a portfolio of power generation facilities and its objectives are to: (a) provide attractive returns for investors through the ownership of, and investment in, highly contracted renewable and natural gas power generation and other infrastructure assets that provide stable cash flow primarily through long-term contracts with strong counterparties; (b) pursue and capitalize on strategic growth opportunities in the renewable and natural gas power generation and other infrastructure sectors; (c) maintain diversity in terms of geography, generation and counterparties; and (d) pay out 80 to 85 per cent of its cash available for distribution to Renewables Shareholders on an annual basis.

Renewables' assets located in the United States and Australia are held through an economic interest in those assets. Since Renewables has an economic interest and not direct ownership, the operational results of these assets are not consolidated into Renewables' financial statement results. Instead, Renewables receives finance income on the underlying investments, which is included in Renewables' consolidated net earnings.

Renewables' ability to lower its current payout ratio will depend on a number of factors, including, the return to service of Renewables' Kent Hills 1 and 2 wind facilities and the execution of additional growth opportunities.

Renewables' head office and registered office is located at 1400, 1100 - 1st Street S.E. Calgary, Alberta T2G 1B1. Renewables Shares are listed on the TSX under the symbol "RNW".

Further details concerning Renewables, including information with respect to Renewables' assets, operations and history, are provided in the Renewables AIF. Readers are encouraged to thoroughly review the Renewables AIF as it contains important information about Renewables.

Recent Developments

On July 10, 2023 Renewables entered into the Arrangement Agreement with TransAlta, pursuant to which TransAlta proposed to, among other things, acquire all of the issued and outstanding Renewables Shares not already owned, directly or indirectly, by TransAlta, by way of a plan of arrangement under the Act. For a full description of the Arrangement and the Arrangement Agreement, see "*Details of the Arrangement – The Arrangement Agreement*". Also see "*Information Relating to TransAlta After the Arrangement – Pro Forma Financial Information*" and Appendix G – "*Information Concerning TransAlta Corporation*".

On August 3, 2023 Renewables announced, in conjunction with the release of the Renewables Interim MD&A, that the Northern Goldfields solar project has entered its commissioning phase and that the Mount Keith 132 kV expansion project is expected to be operational in the second half of 2023.

Consolidated Capitalization

There has been no material change in Renewables' share or debt capital structure since June 30, 2023. Readers should refer to the Renewables Interim Financial Statements and the related Renewables Interim MD&A, which are specifically incorporated by reference in this Circular.

Description of Share Capital

Renewables authorized share capital consists of an unlimited number of Renewables Shares, an unlimited number of Class B Shares (as defined in the Renewables AIF) and an unlimited number of preferred shares, issuable in series. As at August 24, 2023 there were 266,863,741 Renewables Shares and no Class B Shares or preferred shares issued and outstanding.

Renewables Shareholders are entitled to one vote per Renewables Share at meetings of Renewables Shareholders, except meetings at which only holders of another particular class or series shall have the right to vote. Renewables Shareholders are not entitled to vote separately as a class upon any proposal to amend the articles of Renewables in the manner referred to in paragraphs (a), (b) or (e) of subsection 176(1) of the Act.

Subject to the rights of the preferred shares of Renewables and any other shares of Renewables ranking senior to the Renewables Shares with respect to the payment of dividends, Renewables Shareholders are entitled to receive dividends, exclusive of any other shares of Renewables, if, as and when declared by the Renewables Board. Renewables Shareholders are also entitled to share equally in any distribution of the assets of Renewables upon liquidation, dissolution, bankruptcy or winding up of Renewables or any other distribution of its assets among the shareholders of Renewables for the purpose of winding up its affairs (such event referred to as a "**Distribution**"). Such participation is subject to the rights accorded to holders of the preferred shares of Renewables and other shares of Renewables ranking senior to the Renewables Shares with respect to payment on a Distribution. The Renewables Shares are not convertible into any other class of shares.

For a description of the Class B Shares and preferred shares of Renewables, see "*Capital and Loan Structure*" in the Renewables AIF, which is incorporated by reference in this Circular.

Dividend Policy

Dividends on the Renewables Shares are paid at the discretion of the Renewables Board. In determining the payment and level of future dividends, the Renewables Board considers financial performance, results of operations, cash flow and needs, with respect to financing ongoing operations and growth, balanced

against returning capital to Renewables Shareholders. Renewables is forecasted to pay out in excess of 100% of its cash available for distribution in the form of dividends through to December 31, 2023, and, at the same time, Renewables is forecasting a decline in its cash available for distribution due to an increase in cash taxes and related revenues on contract renewals. These factors may put downward pressure on the current dividend level.

Renewables has declared the following dividends per share on the outstanding Renewables Shares for the past two years:

Period		Dividend per Renewables Share
2021	August 31	$0.07833
	September 30	$0.07833
	October 29	$0.07833
	November 30	$0.07833
	December 31	$0.07833
2022	January 31	$0.07833
	February 28	$0.07833
	March 31	$0.07833
	April 29	$0.07833
	May 31	$0.07833
	June 30	$0.07833
	July 29	$0.07833
	August 31	$0.07833
	September 29	$0.07833
	October 31	$0.07833
	November 30	$0.07833
	December 30	$0.07833
2023	January 31	$0.07833
	February 28	$0.07833
	March 31	$0.07833
	April 28	$0.07833
	May 31	$0.07833
	June 30	$0.07833
	July 31	$0.07833
	August 31	$0.07833
	September 29	$0.07833

Prior Sales

During the 12-month period prior to the date of this Circular, Renewables has not sold or issued any Renewables Shares, Class B Shares of Renewables, preferred shares of Renewables or securities convertible into Renewables Shares or Class B Shares or preferred shares of Renewables.

Previous Distribution

For the five years preceding the date of this Circular, Renewables has completed the following distributions of Renewables Shares:

Date	Description	Number Issued	Issue/Exercise Price ($)	Aggregate Proceeds ($)
August 31, 2018	Renewables Shares issued pursuant to the Dividend Reinvestment Plan (the "**DRIP**")	140,867 Renewables Shares	11.86	1,670,404

Date	Description	Number Issued	Issue/Exercise Price ($)	Aggregate Proceeds ($)
September 30, 2018	Renewables Shares issued pursuant to the DRIP	144,376 Renewables Shares	11.32	1,634,487
October 31, 2018	Renewables Shares issued pursuant to the DRIP	197,872 Renewables Shares	10.55	2,086,922
November 11, 2018	Renewables Shares issued pursuant to the DRIP	196,854 Renewables Shares	10.83	2,131,731
December 31, 2018	Renewables Shares issued pursuant to the DRIP	222,339 Renewables Shares	9.85	2,191,132
January 31, 2019	Renewables Shares issued pursuant to the DRIP	230,312 Renewables Shares	11.29	2,599,242
February 28, 2019	Renewables Shares issued pursuant to the DRIP	200,811 Renewables Shares	11.89	2,386,727
March 31, 2019	Renewables Shares issued pursuant to the DRIP	165,824 Renewables Shares	13.21	2,190,612
April 30, 2019	Renewables Shares issued pursuant to the DRIP	163,884 Renewables Shares	13.53	2,217,646
May 31, 2019	Renewables Shares issued pursuant to the DRIP	158,930 Renewables Shares	13.31	2,115,430
June 30, 2019	Renewables Shares issued pursuant to the DRIP	162,805 Renewables Shares	13.61	2,216,150
July 31, 2019	Renewables Shares issued pursuant to the DRIP	176,333 Renewables Shares	13.56	2,390,603
August 31, 2019	Renewables Shares issued pursuant to the DRIP	195,487 Renewables Shares	12.74	2,490,907
September 30, 2019	Renewables Shares issued pursuant to the DRIP	187,761 Renewables Shares	13.17	2,473,420
October 31, 2019	Renewables Shares issued pursuant to the DRIP	183,298 Renewables Shares	13.70	2,511,977
November 30, 2019	Renewables Shares issued	170,526 Renewables Shares	14.56	2,483,335

Date	Description	Number Issued	Issue/Exercise Price ($)	Aggregate Proceeds ($)
	pursuant to the DRIP			
December 31, 2019	Renewables Shares issued pursuant to the DRIP	157,107 Renewables Shares	15.34	2,409,879
January 31, 2019	Renewables Shares issued pursuant to the DRIP	158,177 Renewables Shares	16.14	2,553,087
February 29, 2020	Renewables Shares issued pursuant to the DRIP	124,260 Renewables Shares	17.38	2,159,326
March 31, 2020	Renewables Shares issued pursuant to the DRIP	115,747 Renewables Shares	13.49	1,561,062
April 30, 2020	Renewables Shares issued pursuant to the DRIP	44,876 Renewables Shares	14.55	652,823
May 31, 2020	Renewables Shares issued pursuant to the DRIP	159,497 Renewables Shares	13.81	2,202,688
June 30, 2020	Renewables Shares issued pursuant to the DRIP	157,663 Renewables Shares	13.77	2,171,181
July 31, 2020	Renewables Shares issued pursuant to the DRIP	146,193 Renewables Shares	14.74	2,154,771
August 31, 2020	Renewables Shares issued pursuant to the DRIP	139,312 Renewables Shares	15.65	2,180,872
September 30, 2020	Renewables Shares issued pursuant to the DRIP	139,340 Renewables Shares	16.00	2,229,647
October 31, 2020	Renewables Shares issued pursuant to the DRIP	110,035 Renewables Shares	16.85	1,854,323

Market Trading Price and Volume

Renewables Shares trade on the TSX under the symbol "RNW". On July 10, 2023, the last full trading day prior to the public announcement of the signing of the Arrangement Agreement, the closing price of Renewables Shares on the TSX was $10.99. On August 24, 2023 the closing price of Renewables Shares on the TSX was $13.24.

The following table shows the monthly range of high and low intraday prices and the total monthly volumes of the Renewables Shares on the TSX for the periods indicated. Numbers have been rounded to the nearest whole cent.

	TSX		
	Price Range ($ per share)		Trading Volume
	High	Low	
2022			
August	18.45	17.12	7,402,091
September	17.48	14.62	13,124,069
October	15.30	12.26	14,986,298
November	14.74	13.72	10,415,129
December	14.70	10.63	14,758,786
2023			
January	12.42	11.15	13,462,407
February	12.32	10.90	15,498,597
March	12.53	11.34	12,618,901
April	12.75	12.21	6,556,141
May	13.15	11.98	9,279,344
June	12.72	10.97	8,249,803
July	13.52	10.93	20,193,015
August (1 – 24)	13.64	13.16	6,476,993

Ratings

Renewables is not rated. However: (a) Melancthon Wolfe Wind LP, a wholly-owned subsidiary of Canadian Hydro Developers, Inc., which is a wholly-owned subsidiary of Renewables, has a debt rating from DBRS; and (b) TEC Hedland Pty Ltd., a subsidiary of TransAlta Energy (Australia) Pty Ltd. (which Renewables owns an economic interest in through Australian Tracking Preferred Shares, as defined in the Renewables AIF), has a debt rating from Kroll Bond Rating Agency ("**Kroll**").

Melancthon Wolfe Wind LP Series 1 Senior Amortizing Bonds

As of December 31, 2022, Melancthon Wolfe Wind LP had a series 1 senior amortizing bond rating of BBB (high) stable by DBRS. The BBB (high) rating is underpinned by the strength of the fixed-price power purchase agreements, the solid and consistent operating track record, and the strength of the owner-operator.

According to the DBRS rating system, debt instruments have ratings that range from a high of AAA to a low of D. Debt securities rated BBB are of adequate credit quality. The capacity for the payment of financial obligations is considered acceptable, but the entity may be vulnerable to future events. "High" or "low" subcategories indicate the relative standing within a rating category for all rating categories other than AAA and D. DBRS also assigns rating trends of "positive," "stable" or "negative" to each of its ratings. The rating trend indicates the direction in which DBRS considers the rating is headed should present tendencies continue, or in some cases, unless challenges are addressed.

Note Regarding Credit Ratings

The foregoing information relating to Melancthon Wolfe Wind LP's credit rating is provided as it relates to the senior debt secured by Renewables' Melancthon 1 and 2 and Wolfe Island wind facilities. It is a condition to both: (a) issuing any additional bonds secured by Renewables' Melancthon 1 and 2 and Wolfe Island wind facilities under the existing indenture; and (b) selling, transferring, leasing, conveying or otherwise disposing of all or substantially all of Renewables' Melancthon 1 and 2 and Wolfe Island wind facilities, that the rating ascribed to the senior amortizing bonds immediately prior to such proposed action will not be qualified, downgraded or withdrawn as a consequence of such proposed action, including that there will be no negative change in the trend for such rating as a consequence of such proposed action.

The terms of the note purchase agreements relating to the issuance of the TEC Hedland Pty Ltd. senior secured notes require TEC Hedland Pty Ltd. to, at its expense, use commercially reasonable efforts to: (a)

cause the credit rating agency to provide (and continue to provide) a rating on the notes; and (b) deliver, once annually, to the then-registered holders a ratings letter (or similar evidence) from the rating agency indicating the then current rating on the notes.

Credit ratings are intended to provide investors with an independent measure of credit quality of an issue of securities. The credit ratings accorded to the outstanding Melancthon Wolfe Wind LP securities by DBRS and the outstanding TEC Hedland Pty Ltd. notes by Kroll are not recommendations to purchase, hold or sell such securities inasmuch as such ratings do not comment as to market price or suitability for a particular investor. There is no assurance that the ratings will remain in effect for any given period or that a rating will not be revised or withdrawn entirely by DBRS or Kroll, as applicable, in the future if, in its judgment, circumstances so warrant.

Renewables have paid for rating services fees to DBRS and Kroll, but have not paid for other rating agency services from DBRS or Kroll during the last two years.

Management, Administrative and Operational Services Agreement

Under the Management Services Agreement, the Renewables Board has delegated to TransAlta, in its capacity as Manager under the Management Services Agreement, broad discretion to administer and manage the business and operations of Renewables.

The management services provided by TransAlta under the Management Services Agreement include, but are not limited to: (a) ensuring that Renewables complies with its continuous disclosure and other obligations under Applicable Canadian Securities Laws; (b) managing Renewables' financing, borrowing and investing activities; (c) developing, implementing and monitoring Renewables' strategic plan; (d) providing Renewables with investor relations services including the calling and holding of all meetings of the Renewables Shareholders; (e) computing any dividends to Renewables' Shareholders and overseeing the payment thereof; (f) undertaking all required acts and responsibilities in connection with the acquisition and disposition of Renewables' assets and property; (g) providing accounting and bookkeeping services, including for the preparation of Renewables' annual and interim financial statements and the preparation and filing of all tax returns; (h) providing information technology services and making available all information technology equipment as may be reasonably necessary; (i) managing any litigation and other legal services; (j) providing risk management services; (k) providing office space, equipment and personnel as may be reasonably necessary; (l) arranging for audit, legal and other third-party professional and non-professional services; and (m) generally providing all other services as may be necessary, or requested by Renewables, for the management and administration of Renewables.

The operational and maintenance services provided by TransAlta under the Management Services Agreement include, but are not limited to: (a) administering and causing Renewables and each of Renewables' operating subsidiaries (the "**Operating Entities**") to perform and satisfy Renewables' and the Operating Entities' obligations under all material contracts; (b) providing or securing operational, management and maintenance services; (c) providing procurement and logistical services; (d) providing engineering, technical and evaluation services; (e) providing environment, health and safety services; (f) ensuring proper training of personnel and the provision of necessary equipment and services; (g) obtaining and maintaining all permits, authorities and consents required for the conduct of business by the Operating Entities; and (h) generally providing all other services as may be necessary or requested for the operation and maintenance of the assets held by the Operating Entities.

Pursuant to the Management Services Agreement, TransAlta has agreed to: (a) perform all services under the Management Services Agreement in compliance with Applicable Laws; (b) observe or cause to be observed and performed on Renewables' behalf, in all material respects, all agreements from time to time entered into for and on Renewables' behalf; and (c) not commingle the funds of Renewables with any party. In the exercise of its powers and authority under the Management Services Agreement, TransAlta is required to exercise the powers and discharge its duties thereunder honestly, in good faith and in the best interests of Renewables and in connection therewith shall exercise that degree of care, diligence and skill that a reasonably prudent manager of a corporation in Canada, having responsibilities of a similar nature

to those under the Management Services Agreement, would exercise in comparable circumstances. TransAlta is prohibited from entering into or committing to any transaction that, in accordance with Applicable Laws, or pursuant to the requirements of any other written agreement between Renewables and TransAlta or any of their respective subsidiaries or affiliates, requires the approval of Renewables' independent directors or the approval of the Renewables Shareholders, unless such approval is first obtained.

TransAlta and its personnel shall devote as much time as is reasonably necessary for the proper discharge of its services under the Management Services Agreement. Renewables expressly consents in the Management Services Agreement to TransAlta and its affiliates (other than Renewables) and their respective officers, directors and employees engaging in any business or activities whatsoever, including those that may be in competition or conflict with Renewables' business and/or Renewables' interests; provided that in the event of a material conflict between Renewables' interests and the interests of TransAlta, TransAlta will be required to provide written notice to Renewables setting forth particulars of such conflict and, thereafter, Renewables' independent directors shall be responsible to take all such actions and make all such decisions relating to such matter.

In connection with the services provided under the Management Services Agreement, Renewables pays TransAlta an annual fee (the "**G&A Reimbursement Fee**") that is meant to cover TransAlta's management, administrative, accounting, planning and other head office costs associated with providing services to us under the Management Services Agreement. The G&A Reimbursement Fee is reviewed periodically, and in any event no less than once every five years, to consider, in good faith, whether any adjustments to the G&A Reimbursement Fee are required to reflect changing economic circumstances, regulatory requirements and/or the additional or reduced, as the case may be, time, effort and expense in administering Renewables' asset base.

The G&A Reimbursement Fee is calculated quarterly in an amount equal to five per cent of adjusted EBITDA of the immediately prior fiscal quarter, without duplication for any indirect costs associated with the management, administrative, accounting, planning and other head office costs of TransAlta that reduce the dividends or distributions that would otherwise be payable to Renewables on any of the tracking preferred shares.

In addition to the G&A Reimbursement Fee, Renewables also reimburses TransAlta for all out-of-pocket and third-party fees and costs, including salaries, wages and benefits associated with managing and operating the assets held by Renewables' Operating Entities not captured by the G&A Reimbursement Fee. Renewables directly incurs and is responsible for any costs associated with: (a) insurance; (b) compensation for its independent directors; (c) direct engagement of third-party experts for assessing or valuing a growth opportunity; (d) third-party audit and legal fees; and (e) all other costs associated with being a publicly traded reporting issuer.

The reimbursement of expenses to TransAlta, including through the G&A Reimbursement Fee, or its affiliates is not intended to provide TransAlta or its affiliates with any financial gain or loss. For the year-ended December 31, 2022, Renewables paid approximately $18 million to TransAlta pursuant to the Management Services Agreement.

TransAlta, its affiliates and associates and each of their respective directors, officers and employees are not, either directly or indirectly, liable, answerable or accountable to Renewables or any of the Renewables Shareholders, for any loss or damage resulting from the performance or non-performance of management services (including any mistake or error of judgment), unless such loss or damage resulted from the fraud, willful default or gross negligence of such party.

Each of Renewables and TransAlta, and their respective directors, officers and employees, are indemnified by the other party in certain circumstances arising under the Management Services Agreement.

The Management Services Agreement had an initial 10-year term that expired on August 9, 2023; however, the Management Services Agreement was automatically renewed for a further successive term of five years

after the expiry of the initial term. The Management Services Agreement may be terminated by: (a) mutual agreement; (b) Renewables upon the occurrence of a material default by TransAlta; and (c) TransAlta (i) upon the occurrence of a material default by Renewables, or (ii) upon a "Change of Control" of Renewables, being the acquisition by any person or group of persons acting jointly and in concert (other than TransAlta and its affiliates) of more than 50% of the issued and outstanding Common Shares. In addition, the Management Services Agreement may be terminated by Renewables by a majority vote of the independent directors at any time following TransAlta's direct and indirect ownership in Renewables falling below 20%.

The head office of TransAlta is 1400, 1100 - 1st Street S.E. Calgary, Alberta T2G 1B1. The following table sets out the names and jurisdiction of residence of each of the informed persons (as defined in National Instrument 51-102 – *Continuous Disclosure Obligations* ("**NI 51-102**")) of TransAlta, as Manager, and their respective positions with TransAlta:

Name	**Jurisdiction of Residence**	**Position Held with TransAlta**
Rona H. Ambrose	Alberta, Canada	Director
Michelle D. Cameron	Alberta, Canada	Vice President and Corporate Controller
John P. Dielwart	Alberta, Canada	Director
Jane N. Fedoretz	Alberta, Canada	Executive Vice President, People, Talent & Transformation
Alan H. Fohrer	California, USA	Director
Laura Folse	Texas, USA	Director
Chris D. Fralick	Alberta, Canada	Executive Vice President, Generation
Harry A. Goldgut	Ontario, Canada	Director
Scott T. Jeffers	Alberta, Canada	Vice President and Corporate Secretary
Shasta R. Kadonaga	Alberta, Canada	Senior Vice President, Shared Services
John H. Kousinioris	Alberta, Canada	Director, President and Chief Executive Officer
Candace MacGibbon	Ontario, Canada	Director
Thomas M. O'Flynn	New Jersey, USA	Director
Kerry O'Reilly	Alberta, Canada	Executive Vice President, Legal, Commercial & External Affairs
Bryan D. Pinney	Alberta, Canada	Director
James Reid	Alberta, Canada	Director
Manjit K. Sharma	Ontario, Canada	Director
Sandra R. Sharman	Ontario, Canada	Director
Sarah A. Slusser	Washington DC, USA	Director
Todd J. Stack	Alberta, Canada	Executive Vice President, Finance & Chief Financial Officer
Blain van Melle	Alberta, Canada	Executive Vice President, Alberta Business
Brent V. Ward	Alberta, Canada	Senior Vice President, M&A, Strategy & Treasurer
Aron J. Willis	Alberta, Canada	Executive Vice President, Growth

In the fiscal year ended December 31, 2022, none of the above individuals received payments from Renewables other than in connection with the compensation attributed by TransAlta to such individual in connection with services provided by such individual to Renewables.

A copy of the Management Services Agreement is available under Renewables' profile on SEDAR at www.sedarplus.ca.

Significant Acquisitions

Renewables has not completed any acquisitions within the past 75 days of the date hereof that are "significant acquisitions" for the purposes of Part 8 of NI 51-102 nor does Renewables have any proposed acquisitions that have progressed to the point that a reasonable person would believe that the likelihood of

the acquisition being completed is high and which would constitute a "significant acquisition" for the purposes of Part 8 of NI 51-102.

Interest of Informed Persons in Material Transactions

Except as otherwise disclosed in this Circular, there are no material interests, direct or indirect, of any director or executive officer, or any person who beneficially owns, directly or indirectly, or exercises control or direction over, more than 10% of the voting rights attached to all outstanding securities of Renewables, or other Informed Person (as defined in NI 51-102) in any transaction since Renewables' last completed financial year or in any proposed transaction that has materially or will materially affect Renewables or any of its subsidiaries. See "*Other Information Relating to the Arrangement – Interests of Certain Persons or Companies in the Arrangement*" in this Circular.

Risk Factors

If the Arrangement is not completed, Renewables will continue to face the risk factors that it currently faces with respect to its business and affairs. Investors should carefully review the risk factors described under the heading "*Risk Factors"* in the Renewables AIF, Renewables 2022 Annual MD&A and Renewables Interim MD&A, which are incorporated by reference in this Circular and available under Renewables issuer profile on SEDAR at www.sedarplus.ca.

If the Arrangement is completed, Renewables Shareholders (other than TransAlta and its affiliates) will become holders of TransAlta Shares. After the Arrangement, TransAlta may face risks different from and in addition to those risks currently faced by Renewables in conjunction with its business and affairs. Investors should therefore carefully consider the risks described under the heading "*Risk Factors*" in the TransAlta AIF (which is incorporated by reference in this Circular and also available under TransAlta's issuer profile on SEDAR at www.sedarplus.ca), in Appendix G – "*Information Concerning TransAlta Corporation*", and under the heading "*Other Information Relating to the Arrangement – Risk Factors*" in this Circular.

Auditor, Transfer Agent and Registrar

Renewables' auditor is Ernst & Young LLP, Chartered Professional Accountants, located at Calgary City Centre Suite 2200, 215 2nd Street S.W., Calgary, Alberta T2P 1M4.

Computershare Investor Services Inc. is the transfer agent and registrar of Renewables. Renewables Shares are transferable in Calgary and Toronto.

Additional Information

Additional information in relation to Renewables may be found under Renewables' profile on SEDAR at www.sedarplus.ca.

Additional information including directors' and officers' remuneration and indebtedness, principal holders of Renewables' securities and securities authorized for issuance under equity compensation plans (all where applicable), is contained Renewables' Management Proxy Circular for the most recent annual meeting of Renewables Shareholders that involved an election of directors and can be obtained upon request from Renewables' Investor Relations department, or as filed on SEDAR at www.sedarplus.ca.

Additional financial information is provided in Renewables' Annual Financial Statements, and in the related Renewables 2022 Annual MD&A, each of which is incorporated by reference in this Circular.

APPENDIX I

PRO FORMA FINANCIAL STATEMENTS

Unaudited Pro Forma Combined Financial Information

These unaudited pro forma combined financial statements (the "**Pro Forma Information**") of TransAlta Corporation ("**TransAlta**" or the "**Company**") have been prepared by TransAlta's Management in connection with the proposed acquisition of TransAlta Renewables Inc. ("**TransAlta Renewables**") shares other than those already owned by TransAlta (the "**TransAlta Transaction**").

The following unaudited pro forma combined financial information has been derived from and should be read in conjunction with TransAlta's and TransAlta Renewables' audited annual consolidated financial statements for the year ended Dec. 31, 2022 and unaudited interim condensed consolidated financial statements for the three and six months ended June 30, 2023. The pro forma condensed combined financial position as at June 30, 2023 gives effect to the TransAlta Transaction and assumptions described herein as if it occurred as at June 30, 2023. The pro forma condensed combined statement of earnings and comprehensive income (loss) for the year ended Dec. 31, 2022, and for the six months ended June 30, 2023 give effect to the TransAlta Transaction and assumptions described herein as if it had occurred on Jan. 1, 2022. The pro forma adjustments are based on the best information available to management and certain assumptions that management believes are reasonable under the circumstances. The assumptions underlying the pro forma adjustments are described in the accompanying notes, which should be read in conjunction with this unaudited pro forma combined financial information.

The unaudited pro forma combined financial information is presented for illustrative and informative purposes only and is not intended to represent or be indicative of what the results of operations or financial position would have been had the TransAlta Transaction actually occurred on the date indicated. The unaudited pro forma combined financial information has been prepared on a basis consistent with TransAlta's accounting policies and in accordance with the measurement and recognition principles of International Financial Reporting Standards. Unless otherwise noted, all dollar amounts are expressed in millions of Canadian dollars.

The audited annual consolidated financial statements for TransAlta for the year ended Dec. 31, 2022 and unaudited interim condensed consolidated financial statements for TransAlta for the six months ended June 30, 2023 have been adjusted in the pro forma combined financial information to give effect to the TransAlta Transaction. In management's opinion, all material adjustments necessary to present fairly the pro forma combined financial information have been made. The unaudited pro forma combined financial information is presented for informational purposes only and is not necessarily indicative of what the financial position and results of operations would have been had the completion of the TransAlta Transaction occurred on the dates indicated, nor does it purport to be indicative of the financial position as of any future date or results of operations for any future period. Actual adjustments will differ from the pro forma adjustments. The unaudited pro forma combined statement of earnings does not reflect any non-recurring charges directly related to the Management Information Circular that have already been incurred. The unaudited pro forma combined financial information should not be considered representative of the Company's future results of operations or financial position.

Unaudited Pro Forma Condensed Combined Statement of Financial Position

Period ended June 30, 2023	TransAlta Corporation	Pro Forma Adjustments	TransAlta Corporation Pro Forma
Cash and cash equivalents	952	(800)	152
Restricted cash	41		41
Trade and other receivables	1,098		1,098
Prepaid expenses	61		61
Risk management assets	225		225
Inventory	200		200
Assets held for sale	—		—
	2,577	(800)	1,777
Investments	138		138
Long-term portion of finance lease receivables	120		120
Risk management assets	77		77
Property, plant and equipment			
Cost	14,382		14,382
Accumulated depreciation	(8,713)		(8,713)
Right-of-use assets	122		122
Intangible assets	235		235
Goodwill	464		464
Deferred income tax assets	19		19
Other assets	161		161
Total assets	9,582	(800)	8,782
Bank overdraft	5		5
Accounts payable and accrued liabilities	661	11	672
Current portion of decommissioning and other provisions	63		63
Risk management liabilities	627		627
Current portion of contract liabilities	5		5
Income taxes payable	17	(3)	14
Dividends payable	40		40
Current portion of long-term debt and lease liabilities	132		132
	1,550	8	1,558
Credit facilities, long-term debt and lease liabilities	3,454		3,454
Exchangeable securities	742		742
Decommissioning and other provisions	679		679
Deferred income tax liabilities	358		358
Risk management liabilities	237		237
Contract liabilities	12		12
Defined benefit obligation and other long-term liabilities	277		277
Equity			
Common shares	2,808	617	3,425
Preferred shares	942		942
Contributed surplus	28		28
Deficit	(2,179)	(785)	(2,964)
Accumulated other comprehensive (loss)	(124)		(124)
Equity attributable to shareholders	1,475	(168)	1,307
Non-controlling interests	798	(640)	158
Total equity	2,273	(808)	1,465
Total liabilities and equity	9,582	(800)	8,782

Unaudited Pro Forma Condensed Combined Statement of Earnings

(in millions of Canadian dollars except where noted)

Year ended Dec. 31, 2022	TransAlta Corporation	Pro Forma Adjustments	TransAlta Corporation Pro Forma
Revenues	**2,976**		**2,976**
Fuel and purchased power	**1,263**		**1,263**
Carbon compliance	**78**		**78**
Gross margin	**1,635**		**1,635**
Operations, maintenance and administration	**521**	**11**	**532**
Depreciation and amortization	**599**		**599**
Asset impairment charges	**9**		**9**
Taxes, other than income taxes	**33**		**33**
Net other operating income	**(58)**		**(58)**
Operating income	**531**	**(11)**	**520**
Equity income	**9**		**9**
Finance lease income	**19**		**19**
Net interest expense	**(262)**		**(262)**
Foreign exchange gain	**4**		**4**
Gain on sale of assets and other	**52**		**52**
Earnings before income taxes	**353**	**(11)**	**342**
Income tax expense	**192**	**(3)**	**189**
Net earnings	**161**	**(8)**	**153**
Net earnings attributable to:			
TransAlta shareholders	**50**	**12**	**62**
Non-controlling interests	**111**	**(20)**	**91**
	161	**(8)**	**153**
Net earnings attributable to TransAlta shareholders	**50**	**12**	**62**
Preferred share dividends	**46**		**46**
Net earnings attributable to common shareholders	**4**	**12**	**16**
Weighted average number of common shares outstanding in the year *(millions)*	**271**	**46**	**317**
Net earnings per share attributable to common shareholders, basic and diluted	**0.01**		**0.05**

Unaudited Proforma Condensed Combined Statement of Comprehensive Income (Loss)

(in millions of Canadian dollars)

Year ended Dec. 31, 2022	TransAlta Corporation	Pro Forma Adjustments	TransAlta Corporation Pro Forma
Net earnings	**161**	**(8)**	**153**
Other comprehensive loss			
Net actuarial gains on defined benefit plans, net of tax	**37**		**37**
Fair value losses on third-party investments, net of tax	**(1)**		**(1)**
Total items that will not be reclassified subsequently to net earnings (loss)	**36**		**36**
Gains on translating net assets of foreign operations, net of tax	**21**		**21**
Losses on financial instruments designated as hedges of foreign operations, net of tax	**(25)**		**(25)**
Losses on derivatives designated as cash flow hedges, net of tax	**(556)**		**(556)**
Reclassification of losses on derivatives designated as cash flow hedges to net earnings, net of tax	**100**		**100**
Total items that will be reclassified subsequently to net earnings	**(460)**		**(460)**
Other comprehensive loss	**(424)**		**(424)**
Total comprehensive loss	**(263)**	**(8)**	**(271)**
Total comprehensive income (loss) attributable to:			
TransAlta shareholders	**(318)**	**(44)**	**(362)**
Non-controlling interests	**55**	**36**	**91**
	(263)	**(8)**	**(271)**

Unaudited Pro Forma Condensed Combined Statement of Earnings

(in millions of Canadian dollars except where noted)

Period ended June 30, 2023	TransAlta Corporation	Pro Forma Adjustments	TransAlta Corporation Pro Forma
Revenues	1,714		1,714
Fuel and purchased power	513		513
Carbon compliance	57		57
Gross margin	1,144		1,144
Operations, maintenance and administration	258		258
Depreciation and amortization	349		349
Asset impairment reversals	(16)		(16)
Taxes, other than income taxes	18		18
Net other operating income	(23)		(23)
Operating income	558		558
Equity income	1		1
Finance lease income	8		8
Net interest expense	(115)		(115)
Foreign exchange gain	5		5
Gain on sale of assets and other	5		5
Earnings before income taxes	462		462
Income tax expense	31		31
Net earnings	431		431
Net earnings attributable to:			
TransAlta shareholders	368	22	390
Non-controlling interests	63	(22)	41
	431		431
Net earnings attributable to TransAlta shareholders	368	22	390
Preferred share dividends	12		12
Net earnings attributable to common shareholders	356	22	378
Weighted average number of common shares outstanding in the period *(millions)*	266	46	312
Net earnings per share attributable to common shareholders, basic and diluted	1.34		1.21

Unaudited Proforma Condensed Combined Statement of Comprehensive Income (Loss)

(in millions of Canadian dollars)

Period ended June 30, 2023	TransAlta Corporation	Pro Forma Adjustments	TransAlta Corporation Pro Forma
Net earnings	**431**		**431**
Other comprehensive income			
Net actuarial gains on defined benefit plans, net of tax	**3**		**3**
Total items that will not be reclassified subsequently to net earnings	**3**		**3**
Losses on translating net assets of foreign operations, net of tax	**(13)**		**(13)**
Gains on financial instruments designated as hedges of foreign operations, net of tax	**9**		**9**
Gains on derivatives designated as cash flow hedges, net of tax	**52**		**52**
Reclassification of losses on derivatives designated as cash flow hedges to net earnings, net of tax	**32**		**32**
Total items that will be reclassified subsequently to net earnings	**80**		**80**
Other comprehensive income	**83**		**83**
Total comprehensive income	**514**		**514**
Total comprehensive income attributable to:			
TransAlta shareholders	**466**	**7**	**473**
Non-controlling interests	**48**	**(7)**	**41**
	514		**514**

Notes to the Pro Forma Consolidated Financial Statements of TransAlta Corporation
(Unaudited)
(in millions of Canadian dollars, except as otherwise noted)

1. TransAlta Transaction

On July 10, 2023, the Company and TransAlta Renewables entered into a definitive arrangement agreement under which the Company will acquire all of the outstanding common shares of TransAlta Renewables not already owned, directly or indirectly, by TransAlta and certain of its affiliates, subject to the approval of TransAlta Renewables shareholders (the "**TransAlta Transaction**").

Under the terms of the TransAlta Transaction, each TransAlta Renewables share will be exchanged for, at the election of each holder of common shares of TransAlta Renewables, (i) 1.0337 common shares of TransAlta or (ii) $13.00 in cash. The consideration payable to TransAlta Renewables shareholders is subject to pro-rationing based on a maximum aggregate number of TransAlta shares that may be issued to TransAlta Renewables shareholders of 46,441,779 and a maximum aggregate cash amount of $800 million.

TransAlta currently owns approximately 60.1% of the outstanding TransAlta Renewables shares. TransAlta will acquire 106,465,524 TransAlta Renewables shares not already owned by TransAlta and its affiliates, representing a 39.9% interest in TransAlta Renewables.

TransAlta directly and indirectly controlled TransAlta Renewables prior to the TransAlta Transaction and continues to control TransAlta Renewables subsequent to the TransAlta Transaction. Accordingly, to reflect this continuity of interests, the proforma combined financial statements of TransAlta reflect TransAlta Renewables' carrying values prior to the TransAlta Transaction and provide comparative information for the periods prior to the TransAlta Transaction, as previously reported by TransAlta. As a result, there is no adjustment that needs to be included in the Unaudited Pro Forma Financial Information to illustrate the effect of the TransAlta Transaction, other than the allocation to non-controlling interests.

If the TransAlta Transaction had occurred on June 30, 2023, cash and cash equivalents would have been reduced by $800 million, common shares would have increased by $617 million, representing the consideration to be paid in shares, based on a $13.29 closing price of TransAlta Shares on the TSX as of August 24, 2023, and non-controlling interest would have been reduced by $640 million. If the TransAlta Transaction had occurred on January 1, 2022, the net earnings attributable to non-controlling interests would have been $20 million lower and total comprehensive income (loss) attributable to non-controlling interests would have been $36 million lower, reflecting the reclassification of net earnings and total comprehensive income to the controlling interests. Similarly, the net earnings attributable to non-controlling interests for the six-month period ended June 30, 2023, would have been $22 million lower and total comprehensive income (loss) attributable to non-controlling interests would have been $7 million lower.

Transaction costs of $11 million have been recorded in the unaudited pro forma condensed combined statement of financial position as at June 30, 2023 and in the unaudited pro forma condensed combined statement of earnings and the combined statement of comprehensive income (loss) for the year ended Dec. 31, 2022. Transaction costs comprise estimated costs for legal, accounting, consulting and other costs associated with the completion of the TransAlta Transaction.

In connection with the TransAlta Transaction, TransAlta Renewables Deferred Share Units will be terminated, and the TransAlta Renewables Board of Directors are expected to resign in accordance with the terms of the Plan of Arrangement. The costs associated with the mentioned termination and resignation are non-recurring costs of the TransAlta Transaction. Given the insignificant dollar impact of these costs, the unaudited pro forma combined financial information was not adjusted.

Upon completion of the TransAlta Transaction, TransAlta will have approximately 310 million TransAlta common shares outstanding, based on the current number of outstanding shares of TransAlta and TransAlta Renewables.

2. Weighted Average Shares

Pro forma basic and diluted earnings (loss) per share are based on the number of TransAlta Shares outstanding after giving effect to the TransAlta Transaction as if it occurred on Jan. 1, 2022.

(millions)	Six Months ended June 30, 2023	Year Ended Dec. 31, 2022
Basic weighted average number of shares	266	271
Shares issued – TransAlta Transaction	46	46
Basic and Diluted – pro forma weighted average number of shares	312	317
Net earnings per share attributable to common shareholders, basic and diluted	1.21	0.05

APPENDIX J

FORM OF RENEWABLES LOCK-UP AGREEMENT

July 10, 2023

TransAlta Corporation
1400, 1100 - 1st Street S.E.
Calgary, Alberta T2G 1B1

Dear Sirs/Mesdames:

Re: Support and Voting Agreement

The undersigned (the "**Securityholder**"), in his or her capacity as a securityholder of TransAlta Renewables Inc. ("**Renewables**"), understands that you, TransAlta Corporation ("**TransAlta**"), has entered, or intends to enter, into an arrangement agreement (as amended, supplemented or modified from time to time, the "**Arrangement Agreement**") with Renewables pursuant to which TransAlta would acquire all of the issued and outstanding common shares of Renewables (the "**Renewables Shares**") not already owned by TransAlta by way of a plan of arrangement under the *Canada Business Corporations Act* (collectively, the "**Arrangement**") for consideration comprised of a combination of cash up to the Maximum Cash Consideration (as defined in the Plan of Arrangement attached to the Arrangement Agreement ("**Plan of Arrangement**")) and common shares of TransAlta up to the Maximum Share Consideration (as defined in the Plan of Arrangement).

Capitalized terms used in this letter agreement (the "**Agreement**") and not otherwise defined herein have the respective meanings given to them in the Arrangement Agreement.

The Securityholder is the beneficial owner of, or exercises control or direction over, directly or indirectly, the number of Renewables Shares (collectively, the "**Subject Shares**") and/or deferred share units of Renewables (the "**DSUs**" and, collectively with the Subject Shares, the "**Subject Securities**"), set forth in Schedule A attached hereto; provided that, for greater certainty, the term "Subject Securities" shall include any Renewables Shares acquired by, or any DSUs issued to, the Securityholder after the date of this Agreement.

The Securityholder would like to express his or her support for the Arrangement and hereby agrees, from the date hereof until the earliest of the following, at which time this Agreement shall automatically terminate and cease to be of any further force and effect (i) the date on which the parties hereto agree otherwise in writing, (ii) the Effective Time of the Arrangement, and (iii) the date on which the Arrangement Agreement is terminated in accordance with its terms:

(a) at any meeting of security holders of Renewables called to vote upon the Arrangement or to give effect to the Arrangement (including if and as may be required by the terms of an order of the Court (and including any adjournments or postponements thereof, a "**Meeting**")) or any other transaction contemplated by the Arrangement Agreement or in any other circumstances upon which a vote, consent or other approval (including by written consent in lieu of a meeting) with respect to the Arrangement or any transaction contemplated by the Arrangement Agreement is sought, the Securityholder shall cause all of his or her Subject Securities which the Securityholder may then beneficially own (which have a right to vote at such Meeting) to be counted as present (in person, virtually or by proxy) for purposes of establishing quorum and shall vote (or cause to be voted) all of such Subject Securities (which have a right to vote at such Meeting) in favour of the approval of the Arrangement (including the Arrangement Resolution) and any other matter necessary for the consummation of the Arrangement or any other transaction contemplated by the Arrangement Agreement;

(b) at any meeting of security holders of Renewables (including a Meeting) or at any adjournments or postponements thereof or in any other circumstance upon which a vote, consent or other approval of all or some of the security holders of Renewables is sought (including by written consent in lieu of a meeting), the Securityholder shall cause all of his or her Subject Securities which the Securityholder may then beneficially own (which have a right to vote at such meeting) to be counted as present (in person, virtually or by proxy) for purposes of establishing quorum and shall vote (or cause to be voted) all of such Subject Securities (which have a right to vote at such Meeting) against any Acquisition Proposal (other than the Arrangement) and any other action, proposal, transaction or matter that could reasonably be expected to impede, interfere with, delay, discourage, adversely affect or inhibit the timely consummation of the Arrangement or any other transaction contemplated by the Arrangement Agreement;

(c) to provide confirmation to TransAlta of such votes referred to in clauses (a) and/or (b) above, as the case may be, prior to the applicable proxy voting deadline in connection with any such meeting, including the delivery, if requested by TransAlta, of copies of duly executed proxies or voting instruction forms, as applicable;

(d) not to requisition or join in the requisition of any meeting of security holders of Renewables or solicit proxies or become a participant in a solicitation in opposition to the Arrangement or act jointly or in concert with others with respect to voting securities of Renewables for the purpose of opposing the Arrangement or any other transaction contemplated by the Arrangement Agreement (including the Arrangement Resolution) or for the purpose of considering any matter which may reasonably be expected to impede, interfere with, delay, discourage, adversely affect or inhibit the timely consummation of the Arrangement or any other transaction contemplated by the Arrangement Agreement;

(e) not exercise any rights of dissent or appraisal in connection with the Arrangement (including the Arrangement Resolution) or any other transaction contemplated by the Arrangement Agreement and not exercise any other shareholder rights or remedies available at common law or pursuant to securities, corporate or other Laws to delay, prevent, impede, interfere with or challenge the Arrangement;

(f) not to directly or indirectly, without the prior written consent of TransAlta (such consent not to be unreasonably withheld or delayed): sell, transfer, gift, assign, option, pledge, encumber, grant a security or voting interest in, hypothecate or otherwise convey or enter into any forward sale, repurchase agreement, derivative or other monetization transaction (collectively, "**Transfer**"), or enter into any agreement, option or other arrangement (including any profit sharing arrangement) with respect to the Transfer of any of his or her Subject Securities, or any right or interest therein, to any person or agree to do any of the foregoing, other than (i) pursuant to the Arrangement Agreement; (ii) to another shareholder of Renewables who is party to an agreement in the same form as this Agreement; (iii) to a spouse, parent, grandparent, brother, sister or child of the Securityholder; (iv) to a company or family trust if all the voting securities of such company are held by, or all the beneficiaries of such trust are, on or more of the persons referred to in clause (iii); or (v) to a Person whose securities are beneficially owned or controlled by another shareholder of Renewables, provided that, in the case of clauses (iii), (iv) and (v), concurrently with such Transfer, the transferee executes an agreement in favour of TransAlta substantially in the same form as this Agreement;

(g) not to: (i) grant any proxies or power of attorney, deposit any of his or her Subject Securities into any voting trust or enter into any voting arrangement, whether by proxy, voting agreement or otherwise, with respect to his or her Subject Securities, other than pursuant to this Agreement; or (ii) agree to take any of the actions described in (i);

(h) not to take any action or make any public statement which would prevent, delay, impede, interfere with or materially adversely affect the timely consummation of the Arrangement or any other transaction contemplated by the Arrangement Agreement; and

(i) to promptly notify TransAlta upon the Securityholder becoming aware that any of the Securityholder's representations, warranties or covenants in this Agreement have become untrue or incorrect in any material respect during the period commencing on the date hereof and expiring on the termination of this Agreement. The Securityholder also hereby agrees, in his or her capacity as a holder of the DSUs set forth in Schedule A attached hereto, that, to the extent that his or her DSUs have any voting rights, any such voting rights are hereby voted in favour of the Arrangement and the Arrangement Resolution, and that his or her execution of this Agreement shall constitute evidence of the Securityholder's written approval of the Arrangement Resolution in such capacity.

The Securityholder hereby represents and warrants that (i) he or she is the beneficial owner of or exercises control and direction, directly or indirectly, over the Subject Securities identified beside his or her name in Schedule A attached hereto with good title free and clear of any and all Liens subject to, in the case of the DSUs, the terms of Renewables' Deferred Share Unit Plan adopted by the Renewables Board in October 2013 (as amended); (ii) other than the Subject Securities, the Securityholder does not own of record or beneficially, or exercise control or direction over, or have any right to acquire, any securities of Renewables; (iii) the Securityholder has the right to vote (or cause to be voted) the Subject Securities (and, in the case of his or her DSUs, to the extent that there are any voting rights associated with such DSUs) and, in respect of Subject Securities over which the Securityholder has the right to cause to be voted, such votes shall not be revoked without the written consent of TransAlta, unless this Agreement is terminated in accordance with the terms hereof; (iv) the Securityholder is (and will continue to be until the Effective Time) the sole beneficial owner of, or exercises control or direction over, the Subject Securities and no person has any agreement, option, or any right or privilege capable of becoming an agreement or option (whether by law, pre-emptive or contractual) for the purchase, acquisition, voting or transfer of the Subject Securities; and (v) he or she is duly authorized to execute and deliver this Agreement and perform its obligations hereunder and this Agreement has been duly executed and delivered by the Securityholder and constitutes a legal, valid and binding obligation, enforceable against the Securityholder in accordance with its terms, except as may be limited by bankruptcy, insolvency and other Laws affecting the enforcement of creditors' rights generally and subject to the qualification that equitable remedies may only be granted in the discretion of a court of competent jurisdiction.

The Securityholder consents to this Agreement (or the contents hereof) being made publicly available if and to the extent required pursuant to applicable Law. The Securityholder further consents to the disclosure: (i) in the joint press release of TransAlta and Renewables and respective material change reports announcing the Arrangement; (ii) in the management information circular of Renewables in respect of the Meeting; and (iii) with the prior written consent of the Securityholder, not to be unreasonably delayed or withheld, in such other document or manner as TransAlta may request, of his or her identity, and the percentage of the outstanding Renewables Shares represented by the Subject Securities, the nature of his or her commitments and obligations under this Agreement and his or her support for the Arrangement and related transactions.

Notwithstanding any other provision of this Agreement, TransAlta acknowledges and agrees that the Securityholder is entering into this Agreement solely in his or her capacity as holder of the Subject Securities and that the provisions hereof shall not be deemed or interpreted to: (i) bind the Securityholder in his or her capacity as a director of Renewables; or (ii) restrict the Securityholder from fulfilling his or her duties as a director of Renewables.

This Agreement shall be governed by the laws of the Province of Alberta and the federal laws of Canada applicable therein. This Agreement may be executed in any number of counterparts and all such counterparts taken together shall be deemed to constitute one and the same original instrument. The parties shall be entitled to rely upon delivery of an executed electronic copy of this Agreement, and such executed electronic copy shall be legally effective to create a valid and binding agreement between the parties.

The Securityholder and TransAlta will, from time to time, execute and deliver all such further documents and instruments and do all such acts and things as the other party may reasonably require to effectively carry out the full intent and meaning of this Agreement.

The parties agree and confirm that any provision of this Agreement may be amended modified, altered, supplemented or waived if, and only if, such amendment, modification, alteration, supplement or waiver is in writing and signed, in the case of an amendment, by both of the parties hereto, or in the case of a waiver, by the party against whom the waiver is to be effective.

The provisions of this Agreement shall be binding upon and enure to the benefit of the parties hereto and their respective successors, permitted assigns and legal personal representatives, provided that neither party may assign, delegate or otherwise transfer any of such party's rights, interests or obligations under this Agreement without the prior written consent of the other party hereto, except that TransAlta may assign, delegate or otherwise transfer any of its rights, interests or obligations under this Agreement to an affiliate, without reducing its own obligations hereunder and provided such affiliate executes and delivers a counterpart to this Agreement pursuant to which it agrees to be bound by the terms of this Agreement.

The parties agree that: (i) money damages would not be a sufficient remedy for any breach of this Agreement by either of the parties; (ii) such party shall be entitled to seek an injunction or specific performance in the event of any breach of the provisions of this Agreement; and (iii) either party that is a defendant or respondent shall waive any requirement for the securing or posting of any bond in connection with such remedy. The parties hereby consent to any preliminary applications for such relief to any court of competent jurisdiction. Notwithstanding anything else to the contrary contained herein, such injunctive relief or specific performance shall be the sole and exclusive remedy for the breach of any provision of this Agreement and neither party shall be entitled to any monetary damages due to a breach of any provision of this Agreement by the other party or for any other reason whatsoever in connection with this Agreement.

The parties hereby acknowledge that they have been afforded the opportunity to obtain independent legal advice and confirm by the execution and delivery of this Agreement that such party has either done so or waived such party's right to do so in connection with the entering into of this Agreement.

If the foregoing is in accordance with your understanding and is agreed to by you, please signify your acceptance by executing the enclosed copies of this Agreement where indicated below and returning the same to the undersigned, upon which this Agreement as so accepted shall constitute an agreement between us.

[*The next page is the signature page*]

IN WITNESS THEREOF, the undersigned have executed this Agreement as of the date first written above.

[SECURITYHOLDER]

TRANSALTA CORPORATION

by _____
Name:
Title:

by _____
Name:
Title:

Schedule A

Securityholder	Number of Subject Securities
[SECURITYHOLDER]	● Subject Shares ● DSUs

QUESTIONS? NEED HELP VOTING?

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