

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.

This prospectus supplement (the “**Prospectus Supplement**”), together with the accompanying short form base shelf prospectus dated July 12, 2017 to which it relates, as amended or supplemented (the “**Prospectus**”), and each document incorporated by reference into this Prospectus Supplement and into the Prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. See “Plan of Distribution”.

Information has been incorporated by reference in this Prospectus Supplement from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from Investor Relations, TransAlta Renewables Inc. at 110 - 12th Avenue S.W., P.O. Box 1900, Station “M”, Calgary, Alberta, Canada, T2P 2M1 (telephone (403) 267-7110) and are also available electronically on the System for Electronic Document Analysis and Retrieval (“**SEDAR**”) under the profile of TransAlta Renewables Inc. which can be accessed at www.sedar.com.

These securities have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the “**U.S. Securities Act**”), or any state securities laws. Accordingly, these securities may not be offered or sold within the United States except in accordance with the Underwriting Agreement (as defined herein) and pursuant to exemptions from the registration requirements of the U.S. Securities Act and applicable state securities laws. This Prospectus Supplement does not constitute an offer to sell or a solicitation of an offer to buy any of these securities within the United States. See “Plan of Distribution”.

**PROSPECTUS SUPPLEMENT
TO THE SHORT FORM BASE SHELF PROSPECTUS DATED JULY 12, 2017**

New Issue

June 15, 2018



TRANSALTA RENEWABLES INC.

\$150,029,000

11,860,000 Common Shares

This Prospectus Supplement qualifies the distribution of 11,860,000 common shares (“**Offered Shares**”) of TransAlta Renewables Inc. (“**TransAlta Renewables**” or the “**Corporation**”) at a price of \$12.65 per Offered Share (the “**Offering Price**”) for aggregate gross proceeds of \$150,029,000 (the “**Offering**”). See “Plan of Distribution”.

The outstanding common shares of the Corporation (the “**Common Shares**”) are listed for trading on the Toronto Stock Exchange (the “**TSX**”) under the trading symbol “**RNW**”. On June 13, 2018, the day on which the Offering was announced, the closing price of the Common Shares on the TSX was \$13.18. On June 14, 2018, the last trading day prior to the filing of this Prospectus Supplement, the closing price of the Common Shares on the TSX was \$12.42. The TSX has conditionally approved the listing of the Offered Shares on the TSX. Listing of the Offered Shares on the TSX is subject to the Corporation fulfilling all of the listing requirements of the TSX.

Price: \$12.65 per Offered Share

	<u>Price to the Public</u>	<u>Underwriters' Commission⁽¹⁾</u>	<u>Net Proceeds to the Corporation⁽²⁾</u>
Per Offered Share	\$12.65	\$0.506	\$12.144
Total Offering ⁽³⁾⁽⁴⁾	\$150,029,000	\$6,001,160	\$144,027,840

Notes:

- (1) The Corporation has agreed to pay the Underwriters (as defined herein) a cash fee of 4.0% of the gross proceeds of the Offering (the “**Underwriters' Commission**”), equal to \$0.506 per Offered Share. See “Plan of Distribution”.
- (2) Before deducting the estimated expenses of the Offering of approximately \$450,000, but after deducting the Underwriters' Commission. The Underwriters' commission and the expenses relating to the issuance of the Offered Shares will be borne by the Corporation.
- (3) The Corporation has granted to the Underwriters an option (the “**Over-Allotment Option**”) to purchase up to an additional 1,779,000 Common Shares at the Offering Price, exercisable from time to time, in whole or in part, within 30 days following closing of the Offering to cover over-allotments, if any, and for market stabilization purposes. This Prospectus Supplement qualifies the distribution of the Common Shares issuable on the exercise of the Over-Allotment Option and a purchaser who acquires Common Shares forming part of the

Underwriters' over-allocation position acquires those Common Shares under this Prospectus Supplement, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. If the Over-Allotment Option is exercised in full, the total price to the public, the Underwriters' Commission and the net proceeds to the Corporation (after deducting the Underwriters' Commission but before deducting expenses of the Offering) will be \$172,533,350, \$6,901,334 and \$165,632,016, respectively. See "*Plan of Distribution*" and the table below. Where the context requires, references to the "Offering" and "Offered Shares" include the Over-Allotment Option and the Common Shares issuable upon exercise thereof.

- (4) Assuming no exercise of the Over-Allotment Option.

The following table sets forth the number of Common Shares that may be offered by the Corporation to the Underwriters pursuant to the Over-Allotment Option.

<u>Underwriters' Position</u>	<u>Maximum Size or Number of Securities Available</u>	<u>Exercise Period</u>	<u>Exercise Price</u>
Over-Allotment Option	1,779,000 Common Shares	Any time until and including 30 days following closing of the Offering	\$12.65 per Common Share

The Offered Shares (including the Common Shares issuable pursuant to the Over-Allotment Option (as defined herein)) will be issued and sold pursuant to an underwriting agreement (the "**Underwriting Agreement**") dated June 15, 2018 between the Corporation and CIBC World Markets Inc. ("**CIBC**"), RBC Dominion Securities Inc. ("**RBC**"), Scotia Capital Inc. ("**Scotia**"), and together with CIBC and RBC, the "**Joint Bookrunners**"), BMO Nesbitt Burns Inc., National Bank Financial Inc., TD Securities Inc., HSBC Securities (Canada) Inc., Industrial Alliance Securities Inc., Merrill Lynch Canada Inc., MUFG Securities (Canada), Ltd., Canaccord Genuity Corp. and Desjardins Securities Inc. (collectively with the Joint Bookrunners, the "**Underwriters**").

The Underwriters, as principals, conditionally offer the Offered Shares, subject to prior sale, if, as and when issued by the Corporation and accepted by the Underwriters in accordance with the conditions contained in the Underwriting Agreement referred to under "*Plan of Distribution*" and subject to approval of certain legal matters on behalf of the Corporation by Norton Rose Fulbright Canada LLP and on behalf of the Underwriters by Osler, Hoskin & Harcourt LLP. The Offered Shares are to be taken up by the Underwriters, if at all, on or before a date not later than 42 days after the date of this Prospectus Supplement. The Underwriters may over-allot or effect transactions which stabilize or maintain the market price for the Common Shares at levels other than those which otherwise might prevail in the open market. Such transactions, if commenced, may be discontinued at any time. See "*Plan of Distribution*".

The Offering Price and the terms of the Offering were determined by negotiation between the Corporation and the Joint Bookrunners, on behalf of the Underwriters. **The Underwriters may offer the Offered Shares at a price lower than that stated above. Notwithstanding any reduction by the Underwriters in the Offering Price, the Corporation will still receive a price of \$12.65 per Offered Share purchased by the Underwriters under this Prospectus Supplement. See "*Plan of Distribution*".**

Subscriptions for Offered Shares will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. The Offered Shares will be registered in the name of CDS Clearing and Depository Services Inc. ("**CDS**") or its nominee. A purchaser of Offered Shares will only receive a customer confirmation from the registered dealer that is a participant in CDS and from or through whom the Offered Shares are purchased. It is currently anticipated that the closing date of the Offering will be on or about June 22 2018, or such later date as the Corporation and the Underwriters may agree but in any event not later than July 6, 2018 (the "**Closing Date**").

CIBC, RBC, Scotia, BMO Nesbitt Burns Inc., National Bank Financial Inc., TD Securities Inc., HSBC Securities (Canada) Inc. and MUFG Securities (Canada), Ltd. are each, directly or indirectly, an affiliate of a lender to the Corporation. Consequently, the Corporation may be considered a "connected issuer" of CIBC, RBC, Scotia, BMO Nesbitt Burns Inc., National Bank Financial Inc., TD Securities Inc., HSBC Securities (Canada) Inc. and MUFG Securities (Canada), Ltd. within the meaning of applicable Canadian securities legislation. See "*Plan of Distribution*" and "*Relationship Among the Corporation and Certain Underwriters*".

A prospective investor should consider carefully certain risk factors before making an investment in the Offered Shares. See "*Risk Factors*".

TransAlta Renewables is incorporated under the *Canada Business Corporations Act* and its head and registered office is located at 110-12th Avenue S.W., Calgary, Alberta, T2P 2M1.

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IMPORTANT NOTICE ABOUT INFORMATION IN THIS PROSPECTUS SUPPLEMENT AND THE ACCOMPANYING PROSPECTUS

This document is in two parts. The first part is this Prospectus Supplement, which describes the specific terms of the securities the Corporation is offering and also adds to and updates certain information contained in the Prospectus and the documents incorporated by reference therein. The second part, the Prospectus, gives more general information, some of which may not apply to the Common Shares offered hereunder. **Defined terms used in this Prospectus Supplement that are not defined herein have the meanings ascribed thereto in the Prospectus.**

You should rely only on the information contained in or incorporated by reference into this Prospectus Supplement and the Prospectus. We have not, and the Underwriters have not, authorized anyone to provide you with different or additional information. We are not, and the Underwriters are not, making an offer to sell the Common Shares in any jurisdiction where the offer or sale is not permitted. You should not assume that the information appearing in this Prospectus Supplement, the Prospectus, or any documents incorporated by reference herein or therein, is accurate as of any date other than the date on the front of those documents as our business, operating results, financial condition and prospects may have changed since that date.

In this Prospectus Supplement, unless otherwise specified or the context otherwise requires, all dollar amounts are expressed in Canadian dollars. Unless otherwise specified, all financial information included and incorporated by reference in this Prospectus Supplement has been prepared in accordance with International Financial Reporting Standards (“**IFRS**”) as adopted by the Accounting Standards Board.

NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Prospectus Supplement, including the documents incorporated by reference herein, contains both historical and forward-looking statements. All forward-looking statements are based on our beliefs as well as assumptions based on information available at the time the assumption was made and on management's experience and perception of historical trends, current conditions and expected further developments, as well as other factors deemed appropriate in the circumstances. Forward-looking statements are not facts, but only predictions and generally can be identified by the use of statements that include phrases such as “may”, “will”, “believe”, “expect”, “estimate”, “anticipate”, “intend”, “plan”, “foresee”, “potential”, “enable”, “continue” or other comparable terminology. Similarly, statements that describe the Corporation's objectives, plans or goals also are forward-looking statements. These forward-looking statements are subject to risks and uncertainties and other important factors that could cause actual results to differ materially from those currently anticipated.

In addition to the forward-looking statements contained in the documents incorporated by reference herein, this Prospectus Supplement contains, without limitation, forward-looking statements pertaining to the following: the estimated expenses of the Offering; the anticipated use of the proceeds from the Offering; the anticipated Closing Date; the approval from the TSX to list, on the TSX, the Offered Shares; the expectation that required regulatory approvals will be received and U.S. Holdco (as defined herein) will acquire the New Hampshire Wind Project (as defined herein); the anticipated commercial operation date of the U.S. Wind Projects (as defined herein); the expectation that TA Power (as defined herein) will pay dividends on the outstanding preferred shares to the Corporation; the intention of TransAlta Corporation not to participate in the DRIP (as defined herein); the expectation that the DRIP will commence with the dividend payable on July 31, 2018; the Corporation's dividend policy and the amounts expected to be paid under that policy; the expectation that purchasers of the Offered Shares who hold those shares at the close of business on July 13, 2018, will be entitled to receive the dividend payable on July 31, 2018; and the Corporation may issue additional Common Shares or other securities convertible into Common Shares.

With respect to forward-looking statements contained in this Prospectus Supplement, assumptions have been made regarding, among other things: the Corporation's ability to close the Offering on a timely basis and on the terms expected; fulfillment by the Underwriters of their obligations pursuant to the Underwriting Agreement; that no event will occur which would allow the Underwriters to terminate their obligations under the Underwriting Agreement; that the production from the Corporation's operating facilities will be consistent in all material respects with the Corporation's expectations; that there will be no material changes to existing legislation, including the regulatory framework governing electricity generation, transmission and distribution, taxation of gas-generated and renewable power producers, renewable power incentive programs or environmental matters that could adversely impact the gas-generation and renewable power sectors as a whole or the applicable tariffs and incentives in any of the jurisdictions in which the Corporation operates; and that there will be no material defaults by the counterparties to agreements with the Corporation, and such agreements will not be terminated prior to their scheduled expiry; that the Corporation will continue to have access to wind and water resources in amounts consistent with the amounts expected by the Corporation and required to fulfill the obligations of the Corporation under its power purchase agreements; that general economic and industry conditions in the jurisdictions in which the Corporation conducts and will conduct its business will remain stable in relation to current general and industry conditions; that foreign exchange rates will remain relatively consistent with expectations; that the operating and maintenance costs of the Corporation will be consistent in all material respects with the Corporation's budgeted amounts; and the continued management and support of the Corporation by TransAlta Corporation.

Certain factors that could materially affect these forward-looking statements are described below and are incorporated by reference in this Prospectus Supplement, as described under “*Risk Factors*” in this Prospectus Supplement and in the Prospectus. Factors that may adversely impact the Corporation's forward-looking statements include risks relating to: fluctuations in demand market prices and the availability of fuel supplies required to generate electricity; demand for electricity and the Corporation’s ability to contract its generation for prices that will provide expected returns; the regulatory and political environments in the jurisdictions in which the Corporation operates; environmental requirements and changes in, or liabilities under, these requirements; changes in general economic conditions including interest rates; operational risks involving the Corporation’s facilities, including unplanned outages at such facilities; disruptions in the transmission and distribution of electricity; the effects of weather; disruptions in the source of fuels, water or wind required to operate the Corporation’s facilities; natural and man-made disasters; the threat of domestic terrorism and cyberattacks; equipment failure and the Corporation’s ability to carry out or have completed the repairs in a cost-effective manner or timely manner; commodity risk management; industry risk and competition; fluctuations in the value of foreign currencies and foreign political risks; the need for additional financing; structural subordination of securities; counterparty credit risk; insurance coverage; our provision for income taxes; legal, regulatory, and contractual proceedings involving the Corporation; outcomes of investigations and disputes; reliance on key personnel; labour relations matters; and development projects and acquisitions. The foregoing risk factors, among others, are described in further detail under the heading “*Risk Factors*” in this Prospectus Supplement and in the Prospectus, and in the documents incorporated by reference in this Prospectus and in the Prospectus Supplement, including the Annual MD&A (as defined herein) and the Annual Information Form (as defined herein).

Potential investors and other readers are urged to consider these factors carefully in evaluating the forward-looking statements and are cautioned not to place undue reliance on these forward-looking statements. The forward-looking statements included in this document are made only as of the date of this Prospectus Supplement and the Corporation does not undertake to publicly update these forward-looking statements to reflect new information, future events or otherwise, except as required by applicable laws. In light of these risks, uncertainties and assumptions, the forward-looking events might or might not occur. The Corporation cannot assure you that projected results or events will be achieved.

GLOSSARY OF TERMS

- “**Annual Information Form**” has the meaning ascribed to such term herein under the heading “*Documents Incorporated By Reference*”;
- “**Annual MD&A**” has the meaning ascribed to such term herein under the heading “*Documents Incorporated By Reference*”;
- “**April Acquisition**” has the meaning ascribed to such term herein under the heading “*Recent Developments*”;
- “**Acquisition Agreement**” has the meaning ascribed to such term herein under the heading “*Recent Developments*”;
- “**Board**” means the board of directors of TransAlta Renewables;
- “**CIBC**” means CIBC World Markets Inc.;
- “**Closing Date**” means the date of closing of the Offering, which is expected to occur on June 22, 2018, but in any event not later than July 6, 2018;
- “**Common Share**” means a common share in the capital of the Corporation;
- “**Corporation**” means TransAlta Renewables;
- “**Credit Facility**” means the Corporation’s \$500 million syndicated credit facility, which expires in 2022;
- “**Demand Letter of Credit Facility**” means the Corporation’s uncommitted \$100 million demand letter of credit facility;
- “**DRIP**” has the meaning ascribed to such term herein under the heading “*Recent Developments*”;
- “**eERP**” means the ecoEnergy for Renewable Power program, a program established by the Government of Canada;
- “**Joint Bookrunners**” means collectively, CIBC, RBC and Scotia;
- “**May Acquisition**” has the meaning ascribed to such term herein under the heading “*Recent Developments*”;
- “**MW**” means megawatt;
- “**New Hampshire Wind Project**” has the meaning ascribed to such term herein under the heading “*Recent Developments*”;
- “**Offering**” has the meaning ascribed to such term on the cover page of this Prospectus Supplement and, where the context requires, includes the Over-Allotment Option;
- “**Offering Price**” has the meaning ascribed to such term on the cover page of this Prospectus Supplement;
- “**Offered Shares**” has the meaning ascribed to such term on the cover page of this Prospectus Supplement and, where the context requires, includes the Common Shares issuable upon the exercise of the Over-Allotment Option;
- “**Over-Allotment Option**” has the meaning ascribed to such term on the cover page of this Prospectus Supplement;
- “**Pennsylvania Wind Project**” has the meaning ascribed to such term herein under the heading “*Recent Developments*”;
- “**Prospectus**” has the meaning ascribed to such term on the cover page of this Prospectus Supplement;
- “**RBC**” means RBC Dominion Securities Inc.;
- “**Scotia**” means Scotia Capital Inc.;
- “**SEDAR**” means the System for Electronic Document Analysis and Retrieval, which can be accessed at www.sedar.com;
- “**Shareholder**” means a holder of Common Shares;
- “**TA Power**” has the meaning ascribed to such term herein under the heading “*Recent Developments*”;
- “**Tax Act**” has the meaning ascribed to such term herein under “*Eligibility for Investment*”;
- “**Term Sheet**” has the meaning ascribed to such term herein under the heading “*Documents Incorporated By Reference*”;
- “**TransAlta Corporation**” means TransAlta Corporation, a corporation amalgamated pursuant to the federal laws of Canada;
- “**TransAlta Renewables**” means TransAlta Renewables Inc., a corporation incorporated pursuant to the federal laws of Canada;
- “**TSX**” means the Toronto Stock Exchange;

“**Underwriters**” means, collectively, CIBC, RBC, Scotia, BMO Nesbitt Burns Inc., National Bank Financial Inc., TD Securities Inc., HSBC Securities (Canada) Inc., Industrial Alliance Securities Inc., Merrill Lynch Canada Inc., MUFG Securities (Canada), Ltd., Canaccord Genuity Corp. and Desjardins Securities Inc. and “**Underwriter**” means any one of them;

“**Underwriters’ Commission**” has the meaning ascribed to such term on the cover page of this Prospectus Supplement;

“**Underwriting Agreement**” has the meaning ascribed to such term on the cover page of this Prospectus Supplement;

“**U.S. Holdco**” has the meaning ascribed to such term herein under the heading “*Recent Developments*”;

“**U.S. Securities Act**” has the meaning ascribed to such term on the cover page of this Prospectus Supplement; and

“**U.S. Wind Projects**” has the meaning ascribed to such term herein under the heading “*Recent Developments*”.

DOCUMENTS INCORPORATED BY REFERENCE

This Prospectus Supplement is incorporated by reference into the Prospectus as of the date hereof and only for the purposes of the distribution of the Offered Shares offered hereby. Other documents are also incorporated or deemed to be incorporated by reference into the Prospectus and reference should be made to the Prospectus for full details. See “*Documents Incorporated by Reference*” in the Prospectus. As of the date hereof, the following documents filed with the securities commissions or similar authorities in each of the provinces of Canada are specifically incorporated by reference into and form an integral part of this Prospectus Supplement and the Prospectus:

- (a) the audited annual consolidated financial statements of the Corporation as at December 31, 2017, which comprise the consolidated statements of financial position as at December 31, 2017 and 2016, and the consolidated statements of earnings, comprehensive income, changes in equity and cash flows for the years then ended, the notes thereto and the auditors' report thereon;
- (b) the Corporation's management's discussion and analysis of financial condition and results of operations for the year ended December 31, 2017 (“**Annual MD&A**”);
- (c) the Corporation's annual information form dated February 22, 2018 for the year ended December 31, 2017 (the “**Annual Information Form**”);
- (d) the Corporation's management proxy circular dated March 26, 2018, prepared in connection with the Corporation's annual meeting of shareholders held on May 10, 2018;
- (e) the unaudited interim consolidated financial statements of the Corporation for the three month period ended March 31, 2018 and 2017;
- (f) the Corporation's interim management's discussion and analysis of financial condition and results of operations for the three month period ended March 31, 2018; and
- (g) the “template version” of the “marketing materials” (as such terms are defined in National Instrument 41-101 *General Prospectus Requirements* (“**NI 41-101**”)) for this Offering, consisting of a term sheet dated June 13, 2018 (the “**Term Sheet**”).

Any documents of the type required to be incorporated by reference in a short form prospectus pursuant to National Instrument 44-101 *Short Form Prospectus Distributions* of the Canadian Securities Administrators, including any documents of the type referred to above or under “*Documents Incorporated by Reference*” in the Prospectus, material change reports (excluding confidential material change reports) and business acquisition reports subsequently filed by the Corporation with any securities commissions or similar authorities in Canada after the date of this Prospectus Supplement and prior to the termination of the Offering shall be deemed to be incorporated by reference into this Prospectus Supplement and the Prospectus for the purposes of this Offering. These documents are available electronically on SEDAR under the Corporation's profile, which can be accessed at www.sedar.com.

Any statement contained in this Prospectus Supplement, the Prospectus or in a document incorporated or deemed to be incorporated by reference in this Prospectus Supplement or the Prospectus, shall be deemed to be modified or superseded for the purposes of this Prospectus Supplement and the Prospectus to the extent that a statement contained herein or in any other subsequently filed document that 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 is not to 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 Prospectus Supplement or the Prospectus.

Copies of the documents incorporated herein by reference (other than exhibits to such documents, unless such exhibits are specifically incorporated by reference in such documents) may be obtained on request without charge from Investor Relations, TransAlta Renewables, 110 - 12th Avenue S.W., P.O. Box 1900, Station “M”, Calgary, Alberta, Canada, T2P 2M1 (telephone (403) 267 7110).

MARKETING MATERIALS

A “template version” of the “marketing materials” (as such terms are defined under NI 41-101) for this Offering, consisting of the Term Sheet, was filed with the securities commission or similar regulatory authority in each of the provinces of Canada on June 13, 2018. The Term Sheet is incorporated by reference into this Prospectus Supplement. However, the Term Sheet will not form part of this Prospectus Supplement to the extent that its contents are modified or superseded by a statement contained in this Prospectus Supplement. Any other “template version” of “marketing materials” filed on SEDAR after the date of this Prospectus Supplement and before the

termination of the distribution under the Offering (including any amendments to, or an amended version of, any “template version” of any “marketing materials”) will be deemed to be incorporated by reference into this Prospectus Supplement.

RECENT DEVELOPMENTS

April Acquisition

On February 20, 2018, a subsidiary of TransAlta Corporation (“**U.S. Holdco**”) entered into an agreement with a third-party to acquire two construction-ready wind development projects in the Northeast United States (the “**Acquisition Agreement**”). The wind development projects consist of: (i) a 90 MW project located in Pennsylvania, which has a 15-year power purchase agreement (the “**Pennsylvania Wind Project**”); and (ii) a 29 MW project located in New Hampshire with two 20-year power purchase agreements (the “**New Hampshire Wind Project**” and together with the Pennsylvania Wind Project, the “**U.S. Wind Projects**”). All three counterparties to the power purchase agreements have a Standard & Poor’s credit rating of A+ or better. The commercial operation dates for the U.S. Wind Projects are expected during the second half of 2019. U.S. Holdco acquired the Pennsylvania Wind Project on March 1, 2018, whereas the acquisition of the New Hampshire Wind Project by U.S. Holdco remains subject to certain closing conditions, including regulatory approval.

On February 20, 2018, concurrently with the entering into of the Acquisition Agreement, the Corporation entered into an arrangement with TransAlta Corporation to acquire, directly or indirectly, the U.S. Wind Projects. The Corporation completed the acquisition of an economic interest in the U.S. Wind Projects (the “**April Acquisition**”) from a subsidiary of TransAlta Corporation (“**TA Power**”) on April 20, 2018. Under the terms of the agreement, TA Power issued preferred shares to the Corporation that will pay quarterly dividends based on the pre-tax net earnings of the U.S. Wind Projects. The Corporation’s construction and acquisition costs for the U.S. Wind Projects is approximately US\$240 million.

May Acquisition

On May 31, 2018, the Corporation acquired from TransAlta Corporation: (a) an economic interest in the Lakeswind Wind Farm and the Mass Solar Farm; and (b) ownership of the Kent Breeze Wind Farm (together, the “**May Acquisition**”).

The Lakeswind Wind Farm is a 50 MW wind project located near Rollag, Minnesota. The wind farm was acquired by TransAlta Corporation in 2015 from an affiliate of Rockland Capital LLC. The wind farm commenced commercial operations in 2014. Generation from this facility is contracted under long-term power purchase agreements until 2034 with several high-quality counterparties.

The Mass Solar Farm is a 21 MW solar project consisting of multiple facilities located in Massachusetts. The solar farm was acquired by TransAlta Corporation in 2015 from an affiliate of Rockland Capital LLC. The solar farm commenced commercial operations in stages between 2012 and 2015. Generation from this facility is contracted under long-term power purchase agreements, with expiry dates ranging from 2032 to 2045, with several high-quality counterparties.

The Kent Breeze Wind Farm is a 20 MW wind project located in Thamesville, Ontario. This facility commenced commercial operations in 2011. Generation from this facility is sold to the Independent Electricity System Operator of Ontario under a long-term power purchase agreement expiring in 2031. The Kent Breeze Wind Farm is entitled to receive eERP payments until 2021.

The total purchase price for the May Acquisition, which assets have an average weighted contract life of 15 years, was \$166 million, including the assumption of \$62 million of tax equity obligations and project debt. The Corporation funded the equity value portion of the May Acquisition by making draws under the Credit Facility.

Dividend Reinvestment Plan

Concurrent with the May Acquisition, the Board approved the implementation of a dividend reinvestment plan (“**DRIP**”) for Canadian holders of Common Shares. Commencing with the dividend payable on July 31, 2018, to Shareholders of record at the close of business on July 13, 2018, eligible Shareholders may elect to automatically reinvest monthly dividends into additional Common Shares. The price for Common Shares purchased under the DRIP will be 98% of the average market price of the Common Shares for the five trading days on which not less than 500 Common Shares are traded on the TSX immediately prior to the dividend payment date. Common Shares acquired under the DRIP will be issued from the treasury of the Corporation. Eligible Shareholders are not required to participate in the DRIP. Those Shareholders who have not elected to participate in the DRIP will continue to receive their monthly dividends in cash. TransAlta Corporation, which holds 64% of the outstanding Common Shares (prior to giving effect to the Offering), does not intend to participate in the DRIP.

USE OF PROCEEDS

The aggregate net proceeds to the Corporation from the Offering are expected to be approximately \$143,577,840 after deduction of the Underwriters' Commission of \$6,001,160 and estimated expenses of the Offering of \$450,000. If the Underwriters exercise their

Over-Allotment Option in full, the net proceeds to the Corporation from the sale of the Offered Shares hereunder will be approximately \$165,182,016 after deduction of the Underwriters' Commission of \$6,901,334 and estimated expenses of the Offering of \$450,000.

The net proceeds of the Offering will be used to partially repay drawn amounts under the Credit Facility, which were drawn in order to fund the April Acquisition and the May Acquisition. The additional liquidity under the Credit Facility will be used for general corporate purposes, including ongoing construction costs associated with such acquisitions.

CHANGES IN CONSOLIDATED CAPITALIZATION

There have been no material changes in the share and loan capital of the Corporation on a consolidated basis from March 31, 2018 to the date of this Prospectus Supplement. As of March 31, 2018, after giving effect to the Offering, the shareholders' equity of the Corporation will increase by the amount of the net proceeds of the Offering and the number of issued and outstanding Common Shares will increase by 11,860,000 Common Shares for a total of 262,372,210 Common Shares issued and outstanding. Assuming the Over-Allotment Option is exercised in full, the number of issued and outstanding Common Shares will increase by a further 1,779,000 Common Shares for a total of 264,151,210 Common Shares issued and outstanding.

As of March 31, 2018, the Corporation had \$nil outstanding under the Credit Facility. The Corporation drew amounts under the Credit Facility to fund the April Acquisition and the May Acquisition and as at the date of this Prospectus Supplement, there is approximately \$185 million outstanding under the Credit Facility. After the closing of the Offering, it is expected that indebtedness under the Credit Facility will decrease by the amount of the net proceeds received by the Corporation in connection with the Offering.

PRIOR SALES

The Corporation has not issued Common Shares or securities convertible into Common Shares during the 12 month period prior to the date of this Prospectus Supplement other than the 26,382,853 Common Shares issued pursuant to the conversion of the 26,086,956 outstanding Class B shares of the Corporation. The Class B shares converted into Common Shares pursuant to their terms on August 1, 2017, the date the South Hedland Power Station achieved commercial operation.

TRADING PRICE AND VOLUME

The Common Shares are listed and traded on the TSX under the symbol "RNW". The following table sets forth certain trading information for the Common Shares during the periods indicated as reported by the TSX.

<u>Period</u>	<u>Common Share Price (\$) High</u>	<u>Common Share Price (\$) Low</u>	<u>Volume</u>
2017			
June	16.15	15.30	4,196,765
July	15.74	14.33	6,234,675
August	14.62	13.86	5,357,524
September	14.55	13.56	6,958,529
October	14.41	13.73	4,437,342
November	13.96	13.00	6,634,508
December	13.48	12.78	4,045,474
2018			
January	13.50	12.20	8,711,949
February	12.36	11.51	6,817,635
March	12.11	11.45	4,018,104
April	11.82	11.38	2,943,909
May	12.48	11.42	5,039,468
June (1 – 14)	13.32	12.30	3,847,165

RECORD OF DIVIDENDS TO SHAREHOLDERS

The following table sets forth the per share amount of cash dividends paid by the Corporation on its outstanding Common Shares in the preceding 12 months:

2017	
June 30.....	\$0.07333
July 31	\$0.07333
August 31	\$0.07333
September 29.....	\$0.07833
October 31	\$0.07833
November 30	\$0.07833
December 29.....	\$0.07833
2018	
January 31	\$0.07833
February 28	\$0.07833
March 29	\$0.07833
April 30	\$0.07833
May 31.....	\$0.07833

On February 22, 2018, the Board declared cash dividends of \$0.07833 per Common Share, payable on June 29, 2018, to Shareholders of record at the close of business on June 1, 2018. On May 31, 2018, the Board declared cash dividends of \$0.07833 per Common Share, payable on July 31, 2018, August 31, 2018 and September 28, 2018, to Shareholders of record at the close of business on July 13, 2018, August 15, 2018 and September 14, 2018, respectively.

Dividends payable on the Common Shares are at the discretion of the Board. In determining the payment and level of future dividends, the Board considers the Corporation's financial performance, results of operations, cash flow and needs, with respect to financing the Corporation's ongoing operations and growth, balanced against returning capital to Shareholders. The Board continues to focus on building sustainable earnings and cash flow growth.

DETAILS OF THE OFFERING

The Offering consists of 11,860,000 Common Shares at a price of \$12.65 per Common Share for aggregate gross proceeds of \$150,029,000. The Corporation has granted to the Underwriters the Over-Allotment Option, exercisable in whole or in part, at the sole discretion of the Underwriters, the closing of which can occur at any time and from time to time until and including 30 days after the Closing Date, enabling the Underwriters to purchase up to an additional 1,779,000 Common Shares at a price of \$12.65 per Common Share for aggregate gross proceeds to the Corporation of \$22,504,350.

The Corporation's general practice is to pay a monthly dividend on the last business day of the month to Shareholders of record on the closest business day preceding the 15th of each calendar month. As the Offering is expected to close on June 22, 2018, purchasers of the Offered Shares are expected to receive the July 2018 dividend payable on July 31, 2018.

It is expected that the Offered Shares will be issued and deposited in electronic form with CDS on the Closing Date. No certificate evidencing the Offered Shares will be issued to purchasers and registration will be made in the depository service of CDS. Such purchasers of the Offered Shares will receive only a customer confirmation from the Underwriters or other registered dealer who is a CDS participant and from or through whom a beneficial interest in the Offered Shares is purchased. See "*Plan of Distribution – Non-certificated Issue*".

PLAN OF DISTRIBUTION

Pursuant to the Underwriting Agreement, the Corporation has agreed to issue and sell an aggregate of 11,860,000 Common Shares to the Underwriters and the Underwriters have severally agreed to purchase such Common Shares on June 22, 2018, or such other date not later than July 6, 2018 as may be agreed among the Corporation and the Joint Bookrunners, on their own behalf and on behalf of each of the other Underwriters. The Underwriting Agreement provides that, among other things, the Corporation will pay the Underwriters a commission equal to 4.0% of the issue price (\$0.506 per Offered Share) for an aggregate commission of \$6,001,160 (not including the Over-Allotment Option), in consideration for the Underwriters' services in connection with the Offering. The terms of the Offering, including the price of the Offered Shares, were determined by negotiation between the Corporation and the Joint Bookrunners, on their own behalf and on behalf of each of the other Underwriters.

The Corporation has granted to the Underwriters the Over-Allotment Option to purchase up to an additional 1,779,000 Common Shares at a price of \$12.65 per Common Share on the same terms and conditions as the Offering, exercisable from time to time, in whole or in part, within 30 days following closing of the Offering to cover over-allotments, if any, and for market stabilization purposes. This Prospectus Supplement qualifies the distribution of the Common Shares issuable on the exercise of the Over-Allotment Option and a purchaser who acquires Common Shares forming part of the Underwriters' over-allocation position acquires those Common Shares under this Prospectus Supplement and the Prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. If the Over-Allotment Option is exercised in full, the total Offering, the Underwriters' Commission and the net proceeds to the Corporation (before deducting expenses of the Offering) from the Offering will be, \$172,533,350, \$6,901,334 and \$165,632,016, respectively.

The obligations of the Underwriters are several, and neither joint nor joint and several, and may be terminated at their discretion upon the occurrence of certain stated events including, but not limited to: (a) there should occur or there should be announced or discovered any material change or any change in a material fact in relation to the Corporation and its subsidiaries, taken as a whole, which in the reasonable opinion of an Underwriter, would be expected to have a significant adverse effect on the market price or value of the Common Shares; or (b) there should develop, occur or come into effect or existence any event, action, state, condition or major financial occurrence of national or international consequence or any law or regulation (or any change in the interpretation or administration thereof) which, in the opinion of the Underwriters, acting reasonably, seriously adversely affects, or involves, or will seriously adversely affect, or involve, the financial markets or the business, operations or affairs of the Corporation and its subsidiaries, taken as a whole; or (c) there shall have occurred any outbreak or escalation of hostilities, declaration by Canada or the United States of a national emergency or war, or other calamity or crisis, which, in the opinion of an Underwriter, acting reasonably, seriously adversely affects, or involves, or will seriously adversely affect, or involve, the financial markets or the business, operations or affairs of the Corporation and its subsidiaries, taken as a whole; or (d) any enquiry, action, suit, investigation or other proceeding, whether formal or informal, is instituted or announced or any order is made by any federal, provincial, state, municipal or other Governmental Authority (as such term is defined in the Underwriting Agreement) in relation to the Corporation which, in the opinion of an Underwriter, operates to prevent or restrict the distribution or trading of the Common Shares; or (e) any order to cease or suspend trading in the Corporation's securities or to prohibit or restrict the distribution of the Common Shares is made, or proceedings are announced or commenced for the making of any such order, by any of the Canadian securities regulators or the TSX for trading in securities generally on the TSX shall have been suspended or limited or minimum prices shall have been established.

The Underwriting Agreement provides that if an Underwriter or Underwriters fail or refuse to purchase Offered Shares that they have agreed to purchase, and the aggregate number of Offered Shares which such Underwriter or Underwriters agreed but failed or refused to purchase is not more than 9% of the aggregate number of Common Shares to be purchased on such date, the other Underwriters shall be obligated severally on a pro rata basis or in such other proportion as the Joint Bookrunners may specify, to purchase the Offered Shares which such Underwriter or Underwriters agreed but failed or refused to purchase. The Underwriting Agreement also provides that the Underwriters must buy all of the Offered Shares if they buy any of them.

Pursuant to the Underwriting Agreement, the Corporation has agreed for a period of 90 days following the Closing Date, and as a condition of closing the Offering, TransAlta Corporation will agree for a period of 45 days following the Closing Date, not to, directly or indirectly, without the prior written consent of the Joint Bookrunners, on behalf of the Underwriters, which consent is not to be unreasonably withheld, issue or offer, grant any option, warrant or other right to purchase or agree to issue or sell, or otherwise lend, transfer, assign, pledge or dispose of any equity securities of the Corporation, or other securities convertible into, exchangeable for, or otherwise exercisable into Common Shares or other equity securities of the Corporation, or agree to do any of the foregoing or publicly announce any intention to do any of the foregoing, other than the (a) the Offered Shares, (b) as may be granted or issued under the Corporation's long-term incentive plans or any other share-based compensation arrangement of the Corporation, (c) to satisfy existing convertible securities issued at the date of the Underwriting Agreement, or (d) pursuant to the DRIP.

The Common Shares are currently listed on the TSX under the symbol "RNW". On June 13, 2018, the day on which the Offering was announced, the closing price of the Common Shares on the TSX was \$13.18. On June 14, 2018, the last trading day prior to the filing of this Prospectus Supplement, the closing price of the Common Shares on the TSX was \$12.42. The TSX has conditionally approved the listing of the Offered Shares on the TSX. Listing of the Offered Shares on the TSX is subject to the Corporation fulfilling all of the listing requirements of the TSX.

The Offered Shares will not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons and each Underwriter has agreed that it will not offer or sell Offered Shares within the United States.

Price Stabilization, Short Positions and Passive Market Making

In connection with the Offering, the Underwriters may over-allocate or effect transactions which stabilize, maintain or otherwise affect the market price of the Common Shares at levels other than those which otherwise might prevail on the open market, including: stabilizing transactions; short sales; purchases to cover positions created by short sales; imposition of penalty bids; and syndicate covering transactions.

Stabilizing transactions consist of bids or purchases made for the purpose of preventing or retarding a decline in the market price of the Common Shares while the underwritten Offering is in progress. These transactions may also include making short sales of the Common Shares, which involve the sale by the Underwriters of a greater number of Common Shares than they are required to purchase in the underwritten Offering.

Pursuant to policy statements of certain Canadian securities regulatory authorities and the Universal Market Integrity Rules for Canadian Marketplaces (“UMIR”), the Underwriters may not, throughout the period of distribution under this short form prospectus, bid for or purchase Common Shares. The foregoing restriction is subject to certain exceptions, including: (a) a bid for or purchase of Common Shares in accordance with such policy statements and UMIR relating to market stabilization and market balancing activities; (b) a bid or purchase on behalf of a client, other than certain prescribed clients, provided that the client's order was not solicited by the Underwriter, or if the client's order was solicited, the solicitation occurred before the commencement of the prescribed restricted period; and (c) a bid or purchase to cover a short position entered into prior to the commencement of the prescribed restricted period. In connection with the Offering and subject to the foregoing, the Underwriters may over-allot or effect transactions which stabilize or maintain the market price of the Common Shares at levels other than those which might otherwise prevail on the open market. Such transactions, if commenced, may be discontinued at any time.

Pricing of the Offering

The Underwriters propose to offer the Offered Shares initially at the Offering Price specified on the cover page of this Prospectus Supplement. After the Underwriters have made a reasonable effort to sell all of the Offered Shares at the price specified on the cover page, the Offering Price may be decreased and may be further changed from time to time to an amount not greater than that set out on the cover page, and the compensation realized by the Underwriters will be decreased by the amount that the aggregate price paid by purchasers for the Offered Shares is less than the gross price paid by the Underwriters to the Corporation. Any such reduction in price will not affect the proceeds received by the Corporation.

Non-certificated Issue

Except in certain limited circumstances, (i) the Offered Shares will be issued and deposited in electronic form with CDS or its nominee pursuant to the book-based system administered by CDS; (ii) certificates evidencing the Offered Shares will not be issued to subscribers; and (iii) subscribers will receive only a customer confirmation from the Underwriter or other registered dealer who is a CDS participant and from or through whom a beneficial interest in the Offered Shares are purchased. Subscribers who are not issued a certificate evidencing the Offered Shares which are subscribed for by them at the closing of the Offering are entitled under the *Canada Business Corporations Act* to request that a certificate be issued in their name. Such a request will need to be made through the CDS participant through whom the beneficial interest in the securities are held at the time of the request.

RELATIONSHIP AMONG THE CORPORATION AND CERTAIN UNDERWRITERS

CIBC, RBC, Scotia, BMO Nesbitt Burns Inc., National Bank Financial Inc., TD Securities Inc., HSBC Securities (Canada) Inc. and MUFG Securities (Canada), Ltd. are each, directly or indirectly, an affiliate of a lender to the Corporation under the Credit Facility, and National Bank Financial Inc. is an affiliate of the lender under the Corporation's Demand Letter of Credit Facility. Accordingly, the Corporation may be considered a “connected issuer” of CIBC, RBC, Scotia, BMO Nesbitt Burns Inc., National Bank Financial Inc., TD Securities Inc., HSBC Securities (Canada) Inc. and MUFG Securities (Canada), Ltd. under applicable Canadian securities legislation. As at the date of this Prospectus Supplement, the Corporation had indebtedness of approximately \$185 million under the Credit Facility and indebtedness of approximately \$67 million under the Demand Letter of Credit Facility. The Corporation is in compliance with all material terms of the agreements governing the Credit Facility and the Demand Letter of Credit Facility, and the lenders thereunder have not waived any material breach by the Corporation of such agreements since their execution. Both the Credit Facility and the Demand Letter of Credit Facility are unsecured. The financial position of the Corporation has not changed substantially since the indebtedness under the Credit Facility and the Demand Letter of Credit Facility was incurred. The decision to distribute the Offered Shares and the determination of the terms of the Offering was made through negotiations between the Corporation and the Joint Bookrunners, on their own behalf and on behalf of the other Underwriters. The lenders under the Credit Facility and the Demand Letter of Credit Facility did not have any involvement in such decision or determination, but have been advised of the issuance and terms thereof. The Corporation intends to apply the net proceeds

of the Offering to reduce the amount outstanding under the Credit Facility. As a consequence of this Offering, CIBC, RBC, Scotia, BMO Nesbitt Burns Inc., National Bank Financial Inc., TD Securities Inc., HSBC Securities (Canada) Inc. and MUFG Securities (Canada), Ltd. will each receive their share of the Underwriting Commission payable by the Corporation to the Underwriters.

ELIGIBILITY FOR INVESTMENT

In the opinion of Norton Rose Fulbright Canada LLP, counsel to the Corporation, and Osler, Hoskin & Harcourt LLP, counsel to the Underwriters, based on the current provisions of the *Income Tax Act* (Canada) (“**Tax Act**”) and the regulations thereunder and subject to the provisions of any particular registered plan, the Common Shares would, if issued on the date hereof, be qualified investments under the Tax Act as of the date hereof for trusts governed by registered retirement savings plans (“**RRSP**”), registered retirement income funds (“**RRIF**”), deferred profit sharing plans, registered disability savings plans (“**RDSP**”), registered education savings plans (“**RESP**”) and tax free savings accounts (“**TFSA**”).

Notwithstanding that the Common Shares may be qualified investments for a trust governed by a RRSP, RRIF, TFSA, RDSP or RESP, the annuitant under a RRSP or RRIF, the holder of a TFSA or RDSP, or the subscriber of an RESP may be subject to a penalty tax if such Common Shares are “prohibited investments” for the RRSP, RRIF, TFSA, RDSP or RESP within the meaning of the Tax Act. The Common Shares will generally not be a “prohibited investment” provided that the annuitant under the RRSP or RRIF, the holder of the RDSP or TFSA, or the subscriber of the RESP, as the case may be, deals at arm’s length with the Corporation for purposes of the Tax Act and does not have a “significant interest” (as defined in the Tax Act) in the Corporation.

Prospective investors who intend to hold Common Shares in their RRSP, RRIF, TFSA, RDSP or RESP are urged to consult their own tax advisors regarding their particular circumstances.

RISK FACTORS

An investment in Common Shares involves certain risks. In addition to the other information contained in this Prospectus Supplement and the accompanying Prospectus, and in the documents incorporated by reference herein and therein, prospective purchasers of Common Shares should consider carefully the risk factors set forth below, as well as the risk factors referenced in the accompanying Prospectus under the heading “*Risk Factors*”.

The Common Shares are publicly traded and are subject to various factors that have historically made the market price volatile.

The market price of the Common Shares may fluctuate due to a variety of factors relative to the Corporation's business, including announcements of new developments, fluctuations in the Corporation's operating results, sales of the Common Shares in the marketplace, failure to meet analysts' expectations, any public announcements made in regard to this Offering, the impact of various tax laws or rates and general market conditions or the worldwide economy. In certain circumstances, stock markets experience significant price fluctuations, which are unrelated to the operating performance of the affected companies. There can be no assurance that the market price of the Common Shares will not experience significant fluctuations in the future, including fluctuations that are unrelated to the Corporation's performance.

Future issuances or sales of Common Shares may result in dilution to present and prospective holders of Common Shares.

The Corporation's articles allow the Corporation to issue an unlimited number of Common Shares. The Corporation may raise funds for future operations through the issuance of additional Common Shares or other securities convertible into Common Shares. Any future issuance of Common Shares, or other securities convertible into Common Shares, may result in dilution to present and prospective holders of Common Shares.

LEGAL MATTERS

Certain legal matters in connection with the issuance and sale of the Offered Shares will be passed upon on behalf of the Corporation by Norton Rose Fulbright Canada LLP and on behalf of the Underwriters by Osler, Hoskin & Harcourt LLP.

INTERESTS OF EXPERTS

As at the date of this Prospectus Supplement, the partners and associates of Norton Rose Fulbright Canada LLP, as a group, and the partners and associates of Osler, Hoskin & Harcourt LLP, as a group, beneficially own, directly or indirectly, less than 1% of any class of securities of the Corporation.

In connection with the audit of the Corporation's annual financial statements for the year ended December 31, 2017, Ernst & Young LLP confirmed that they are independent with respect to the Corporation in the context of the Rules of Professional Conduct of the Chartered Professional Accountants of Alberta.

AUDITORS, TRANSFER AGENT AND REGISTRAR

The Corporation's auditors are Ernst & Young LLP, Chartered Professional Accountants, Calgary, Alberta.

The transfer agent and registrar for the Common Shares is AST Trust Company (Canada) at its principal offices in Calgary, Alberta, and Toronto, Ontario.

CERTIFICATE OF THE UNDERWRITERS

Dated: June 15, 2018

To the best of our knowledge, information and belief, the short form prospectus together with the documents incorporated in the short form prospectus by reference, as supplemented by the foregoing, constitutes full, true and plain disclosure of all material facts relating to the securities offered by the short form prospectus and this prospectus supplement as required by the securities legislation of each of the provinces of Canada.

CIBC World Markets Inc.

RBC Dominion Securities Inc.

Scotia Capital Inc.

(signed) "*Kelsen Vallee*"
Per: _____
Name: Kelsen Vallee
Title: Managing Director

(signed) "*Robert Nicholson*"
Per: _____
Name: Robert Nicholson
Title: Managing Director

(signed) "*Jared Steinfeld*"
Per: _____
Name: Jared Steinfeld
Title: Director

BMO Nesbitt Burns Inc.

National Bank Financial Inc.

TD Securities Inc.

(signed) "*Michael F. Spencer*"
Per: _____
Name: Michael F. Spencer
Title: Director

(signed) "*Iain Watson*"
Per: _____
Name: Iain Watson
Title: Managing Director

(signed) "*John Kroeker*"
Per: _____
Name: John Kroeker
Title: Managing Director

HSBC Securities (Canada) Inc.

Industrial Alliance Securities Inc.

Merrill Lynch Canada Inc.

MUFG Securities (Canada), Ltd.

(signed) "*Jay Lewis*"
Per: _____
Name: Jay Lewis
Title: Managing Director

(signed) "*David Beatty*"
Per: _____
Name: David Beatty
Title: Managing Director

(signed) "*Jeffrey Hamilton*"
Per: _____
Name: Jeffrey Hamilton
Title: Managing Director

(signed) "*Richard Testa*"
Per: _____
Name: Richard Testa
Title: Managing Director

Canaccord Genuity Corp.

Desjardins Securities Inc.

(signed) "*Steve Winokur*"
Per: _____
Name: Steve Winokur
Title: Managing Director

(signed) "*François Carrier*"
Per: _____
Name: François Carrier
Title: Managing Director

Base Shelf Prospectus

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.

This short form prospectus has been filed under legislation in each of the provinces of Canada that permits certain information about these securities to be determined after this prospectus has become final and that permits the omission from this prospectus of that information. The legislation requires the delivery to purchasers of a prospectus supplement containing the omitted information within a specified period of time after agreeing to purchase any of these securities.

This short form prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and only by persons permitted to sell these securities. Unless otherwise specified in the applicable prospectus supplement, the securities offered hereunder have not been and will not be registered under the United States Securities Act of 1933, as amended ("U.S. Securities Act"), or any state securities laws, and may not be offered, sold or delivered in the United States unless registered under the U.S. Securities Act and applicable state securities laws or except pursuant to exemptions from the registration requirements of the U.S. Securities Act and applicable state securities laws. Unless otherwise specified in the applicable prospectus supplement, this short form prospectus does not constitute an offer to sell or the solicitation of an offer to buy any of the securities offered hereby within the United States. See "Plan of Distribution" in this short form prospectus.

Information has been incorporated by reference in this prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request, without charge from Investor Relations, TransAlta Renewables Inc. at P.O. Box 1900, Station "M", 110 – 12th Avenue S. W., Calgary, Alberta, T2P 2M1 (telephone (403) 267-7110) and are also available electronically on the System for Electronic Document Analysis and Retrieval ("SEDAR") under the profile of TransAlta Renewables Inc. which can be accessed at www.sedar.com.

SHORT FORM BASE SHELF PROSPECTUS

New Issue and/or Secondary Offering

July 12, 2017



\$1,000,000,000

**Common Shares
Preferred Shares
Warrants
Subscription Receipts
Debt Securities**

We may from time to time offer and issue (i) common shares ("**Common Shares**"), (ii) preferred shares ("**Preferred Shares**"), (iii) warrants to purchase Common Shares, Preferred Shares or other securities ("**Warrants**"), (iv) subscription receipts, each of which, once purchased, entitle the holder to receive upon satisfaction of certain release conditions, and for no additional consideration, one Common Share ("**Subscription Receipts**"), or (v) bonds, debentures, notes or other evidences of indebtedness of any kind, nature or description ("**Debt Securities**"), (the Common Shares, Preferred Shares, Warrants, Subscription Receipts and Debt Securities are collectively referred to herein as the "**Securities**"), or any combination thereof, up to an aggregate offering price of \$1,000,000,000 (or its equivalent in U.S. dollars or any other currency or currency unit used to denominate the Securities) during the 25 month period that this short form base shelf prospectus ("**Prospectus**"), including any amendments hereto, remains valid. TransAlta Corporation (the "**Selling Shareholder**" or "**TransAlta**") may also from time to time offer and sell Common Shares pursuant to this Prospectus.

No underwriter has been involved in the preparation of this Prospectus or performed any review of the contents of this Prospectus.

The specific terms of any offering of Securities will be set forth in a prospectus supplement or supplements (each, a "**Prospectus Supplement**") including, where applicable: (i) in the case of Common Shares, the number of Common Shares offered and the offering price (in the event the offering is a fixed price distribution) or the manner of determining the offering price (in the event the offering is a non-fixed price distribution); (ii) in the case of Preferred Shares, the designation of the particular series, the number of Preferred Shares offered, the offering price or manner of determining the offering price, any voting rights, any rights to receive dividends, any terms of redemption, any conversion or exchange rights and any other specific terms of the Preferred Shares; (iii) in the case of Warrants, the designation, number and terms of the Common Shares, Preferred Shares or other securities purchasable upon exercise of the Warrants, and any procedures that will result in the adjustment of those numbers, the exercise price, the dates and periods of exercise, the currency or currency unit in which the Warrants are issued and any other specific terms of the Warrants; (iv) in the case of the Subscription Receipts, the number of Subscription Receipts offered, the offering price, the terms,

conditions and procedures for the conversion of such Subscription Receipts into Common Shares and any other specific terms of the Subscription Receipts; and (v) in the case of Debt Securities, the specific designation of the Debt Securities, any limit on the aggregate principal amount of the Debt Securities, the currency or currency unit, the maturity, the offering price, whether payment on the Debt Securities will be senior or subordinated to our other liabilities and obligations, whether the Debt Securities will bear interest, the interest rate or method of determining the interest rate, any interest payment date(s), covenants, events of default, any terms of redemption, any conversion or exchange rights and any other specific terms of the Debt Securities. We reserve the right to include in a Prospectus Supplement specific terms pertaining to the Securities that are not within the options and parameters set forth in this Prospectus. You should read this Prospectus and any applicable Prospectus Supplement carefully before you invest in any Securities.

All shelf information permitted under applicable laws to be omitted from this Prospectus will be contained or incorporated by reference in one or more Prospectus Supplements that will be delivered to purchasers together with this Prospectus. Each Prospectus Supplement will be incorporated by reference into this Prospectus for the purposes of securities legislation as of the date of the applicable Prospectus Supplement and only for the purposes of the distribution of the Securities to which the applicable Prospectus Supplement pertains.

Our Common Shares are listed on the Toronto Stock Exchange ("TSX") under the symbol "RNW". On July 11, 2017, the closing price of a Common Share on the TSX was \$15.68. **There is currently no market through which Preferred Shares, Warrants, Subscription Receipts or Debt Securities may be sold and purchasers may not be able to resell such Securities purchased under this Prospectus. This may affect the pricing of such Securities in the secondary market, the transparency and availability of trading prices, the liquidity of the Securities, and the extent of issuer regulation. Investing in the Securities involves risks. See "Risk Factors" in this Prospectus and in any applicable Prospectus Supplement.**

We may offer and sell the Securities and the Selling Shareholder may offer and sell Common Shares to or through underwriters or dealers purchasing as principals, and may also sell directly to one or more purchasers or through agents. See "*Plan of Distribution*" in this Prospectus. The Prospectus Supplement relating to a particular offering of Securities will identify each underwriter, dealer or agent, as the case may be, engaged by TransAlta Renewables in connection with the offering and sale of the Securities and by the Selling Shareholder in connection with the offering and sale of Common Shares, and will set forth the terms of the offering of such Securities, including the method of distribution, the proceeds to us and/or the Selling Shareholder and any fees, discounts or any other compensation payable to underwriters, dealers or agents and any other material terms of offering of such Securities.

Unless otherwise specified in the applicable Prospectus Supplement, each series or issue of Securities (other than Common Shares) will be a new issue of Securities with no established trading market. The Securities may be sold from time to time in one or more transactions at a fixed price or prices or at non-fixed prices. If offered on a non-fixed price basis, the Securities may be offered at market prices prevailing at the time of sale, at prices determined by reference to the prevailing price of a specified security in a specified market or at prices to be negotiated with purchasers, in which case the compensation payable to an underwriter, dealer or agent in connection with any such sale will be increased or decreased by the amount, if any, by which the aggregate price paid for the Securities by the purchasers exceeds or is less than the gross proceeds paid by the underwriter, dealer or agent to us and/or the Selling Shareholder. The price at which the Securities will be offered and sold may vary from purchaser to purchaser and during the period of distribution.

Unless otherwise specified in the applicable Prospectus Supplement, the Securities have not been and will not be registered under the U.S. Securities Act or any state securities laws, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons, unless the Securities are registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration requirements is available. Each underwriter, dealer and agent who participates in the distribution will agree not to sell or offer to sell or to solicit any offer to buy any Securities within the United States or to, or for the account or benefit of, a U.S. person, except pursuant to an exemption from the registration requirements of the U.S. Securities Act and any applicable state securities laws. See "*Plan of Distribution*" in this Prospectus.

In connection with any offering of Securities, the underwriters, dealers or agents may over-allot or effect transactions which stabilize, maintain or otherwise affect the market price of the Securities at a level other than those which otherwise might prevail on the open market. Such transactions may be commenced, interrupted or discontinued at any time. See "*Plan of Distribution*" in this Prospectus.

Ms. McQuade is a director of the Corporation who resides outside of Canada and has appointed the following agent for service of process:

Name of Person

Name and Address of Agent

Kathryn McQuade	TransAlta Corporation 110 - 12 th Avenue SW, Calgary, AB T2P 2M1
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Purchasers are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person who resides outside of Canada, even if the party has appointed an agent for service of process.

Prospective investors should be aware that the purchase of Securities may have tax consequences that may not be fully described in this Prospectus or in any Prospectus Supplement, and should carefully review the tax discussion, if any, in the applicable Prospectus Supplement and in any event consult with a tax adviser.

This Prospectus constitutes a public offering of Securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such Securities.

The registered and head office of TransAlta Renewables is located at 110 – 12th Avenue S.W., Calgary, Alberta, T2P 2M1.

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ABOUT THIS PROSPECTUS

In this Prospectus and in any Prospectus Supplement, unless otherwise specified or the context otherwise requires, all dollar amounts are expressed in Canadian dollars. "U.S. dollars" or "US\$" means lawful currency of the United States. Unless the context otherwise requires, all references in this Prospectus and any Prospectus Supplement to "TransAlta Renewables", the "Corporation", "we", "us" and "our" mean TransAlta Renewables Inc. and its consolidated subsidiaries including any consolidated partnerships of which the Corporation or any of its subsidiaries are partners.

This Prospectus provides a general description of the Securities. Each time Securities are offered under this Prospectus, we will provide you with a Prospectus Supplement that will contain specific information about the terms of that offering. The Prospectus Supplement may also add, update or change information contained in this Prospectus. Before investing in any Securities, you should read both this Prospectus and any applicable Prospectus Supplement together with additional information described below under "*Documents Incorporated by Reference*".

Unless otherwise specified, all financial information included and incorporated by reference in this Prospectus has been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as adopted by the Canadian Accounting Standards Board.

All information permitted under applicable laws to be omitted from this Prospectus will be contained in one or more Prospectus Supplements that will be made available together with this Prospectus to the extent required under applicable securities laws.

You should rely only on the information contained in or incorporated by reference in this Prospectus or any applicable Prospectus Supplement. We have not authorized anyone to provide you with different or additional information. You should not assume that the information in this Prospectus, any applicable Prospectus Supplement or any documents incorporated by reference is accurate as of any date other than the date on the front of those documents as our business, operating results, financial condition and prospects may have changed since that date.

The Corporation is not making an offer of Securities and the Selling Shareholder is not making an offer of Common Shares in any jurisdiction where the offer is not permitted by law.

DOCUMENTS INCORPORATED BY REFERENCE

As of the date hereof, the following documents, filed with the securities commission or similar authority in each of the provinces of Canada, are specifically incorporated by reference into, and form an integral part of, this Prospectus, provided that such documents are not incorporated by reference to the extent that their contents are modified or superseded by a statement contained in this Prospectus or in any other subsequently filed document that is also incorporated by reference in the Prospectus, as further described below:

- (a) the audited annual consolidated financial statements of the Corporation as at December 31, 2016, which comprise the consolidated statements of financial position as at December 31, 2016 and 2015, and the consolidated statements of earnings, comprehensive income, changes in equity and cash flows for the years then ended, the notes thereto and the auditors' report thereon (the "**Annual Financial Statements**");
- (b) the Corporation's management's discussion and analysis of financial condition and results of operations for the year ended December 31, 2016 (the "**Annual MD&A**");
- (c) the Corporation's annual information form dated March 7, 2017 for the year ended December 31, 2016 (the "**Annual Information Form**");
- (d) the Corporation's management proxy circular dated March 23, 2017 prepared in connection with the Corporation's annual meeting of shareholders held on May 4, 2017;
- (e) the unaudited interim consolidated financial statements of the Corporation for the three month period ended March 31, 2017 and 2016 (the "**Interim Financial Statements**"); and
- (f) the Corporation's interim management's discussion and analysis of financial condition and results of operations for the three month period ended March 31, 2017 (the "**Interim MD&A**").

Except as otherwise stated below, any documents of the type required to be incorporated by reference in a short form prospectus pursuant to National Instrument 44-101 *Short Form Prospectus Distributions* ("**NI 44-101**") of the Canadian Securities Administrators, including any documents of the type referred to above (other than confidential material change reports) and business acquisition reports subsequently filed by the Corporation with any securities commissions or similar authorities in Canada after the date of this Prospectus and prior to the termination of any offering of Securities shall be deemed to be incorporated by reference into this Prospectus. These documents are available electronically on SEDAR under our profile, which can be accessed at www.sedar.com.

Any statement contained in this Prospectus or 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 Prospectus 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 prior 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 is not to 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 in order to make a statement not misleading in light of the circumstances under 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 Prospectus.

Upon a new annual information form and related annual audited consolidated financial statements and management's discussion and analysis being filed by the Corporation with, and where required, accepted by, the applicable securities regulatory authorities during the term of this Prospectus, (i) the previous annual

information form, the previous annual audited consolidated financial statements and related management's discussion and analysis, (ii) all interim financial statements and related management's discussion and analysis, all material change reports and all business acquisition reports filed by the Corporation prior to the commencement of the Corporation's financial year in respect of which the new annual information form is filed, and (iii) any business acquisition report for acquisitions completed since the beginning of the financial year in respect of which the new annual information form is filed (unless such report is incorporated by reference into the current annual information form or less than nine months of the acquired business or related businesses operations are incorporated into the Corporation's current annual audited consolidated financial statements) shall be deemed no longer to be incorporated by reference into this Prospectus for purposes of future offers and sales of Securities hereunder. Upon new interim financial statements and related management's discussion and analysis being filed by the Corporation with the applicable securities regulatory authorities in Canada during the term of this Prospectus, all interim financial statements and related management's discussion and analysis filed prior to the new interim consolidated financial statements shall be deemed no longer to be incorporated by reference into this Prospectus for purposes of future offers and sales of Securities hereunder. Upon a new information circular relating to an annual meeting of shareholders being filed by the Corporation with applicable securities regulatory authorities in Canada subsequent to the date of this Prospectus and prior to the date on which this Prospectus ceases to be effective, the information circular for the preceding annual meeting of shareholders and any other information circular filed by the Corporation prior to the commencement of the Corporation's financial year in respect of which the new annual information form is filed shall be deemed no longer to be incorporated by reference into this Prospectus for purposes of offers and sales of Securities under this Prospectus.

A Prospectus Supplement containing the specific terms of any Securities offered thereunder will be delivered to purchasers of such Securities together with this Prospectus to the extent required under applicable securities laws and will be deemed to be incorporated by reference into this Prospectus as of the date of such Prospectus Supplement solely for the purposes of the distribution of the Securities covered by such Prospectus Supplement.

In addition, certain marketing materials (as that term is defined in applicable Canadian securities legislation) may be used in connection with a distribution of Securities under this Prospectus and the applicable Prospectus Supplement(s). Any "template version" of "marketing materials" (as those terms are defined in applicable Canadian securities legislation) pertaining to a distribution of Securities, and filed by the Corporation after the date of the Prospectus Supplement for the distribution and before termination of the distribution of such Securities, will be deemed to be incorporated by reference in that Prospectus Supplement for the purposes of the distribution of Securities to which the Prospectus Supplement pertains.

Copies of the documents incorporated herein by reference (other than exhibits to such documents, unless such exhibits are specifically incorporated by reference in such documents) may be obtained on request without charge from Investor Relations, TransAlta Renewables, P.O. Box 1900, Station "M", 110 – 12th Avenue S.W., Calgary, Alberta, Canada, T2P 2M1, Telephone (403) 267-7110.

NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements contained in this Prospectus and the documents incorporated herein by reference constitute forward-looking statements. These statements relate to future events or the Corporation's future performance. All statements other than statements of historical fact are forward-looking statements. The use of any of the words "anticipate", "plan", "contemplate", "continue", "estimate", "expect", "intend", "propose", "might", "may", "will", "shall", "project", "should", "could", "would", "believe", "predict", "forecast", "pursue", "potential" and "capable" and similar expressions are intended to identify forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. No assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this Prospectus should not be unduly relied upon. These statements speak only as of the date of this Prospectus. In addition to the forward-looking statements contained in the documents incorporated by reference herein, this Prospectus contains, without limitation, forward-looking statements pertaining to the following: certain terms of the Securities and any offering made under this Prospectus.

With respect to forward-looking statements contained in this Prospectus and the documents incorporated by reference herein, assumptions have been made regarding, among other things: that the cost and availability of materials used in the construction of energy facilities in the jurisdictions in which the Corporation conducts and intends to conduct its business will remain consistent in all material respects with the current environment for the cost and availability of such materials; that the production from the Corporation's operating facilities will be consistent in all material respects with the Corporation's expectations; that there will be no material changes to existing or proposed 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 power sector as a whole or the applicable tariffs and incentives in any of the jurisdictions in which the Corporation conducts and will conduct its business; that there will be no material defaults by the counterparties to agreements with the Corporation and such agreements will not be terminated prior to their scheduled expiry; that TransAlta will have the ability to obtain qualified personnel and equipment in a timely and cost-efficient manner in order to provide services to the Corporation in accordance with the terms of the Management, Administrative and Operational Services Agreement; that TransAlta will make available to the Corporation acquisition or growth opportunities from time to time to facilitate growth of the Corporation; that the Corporation will continue to have access to natural gas, wind and water resources in amounts consistent with the amounts expected by the Corporation and required to fulfill the obligations of the Corporation under its power purchase agreements; that general economic and industry conditions in the jurisdictions in which the Corporation conducts and will conduct its business will remain stable in relation to current general and industry conditions; that the operating and maintenance costs of the Corporation will be consistent in all material respects with the Corporation's budgeted amounts; and the continued management and support of the Corporation by TransAlta.

Certain factors that could materially affect these forward-looking statements are described herein and are incorporated by reference in this Prospectus, as described under "*Risk Factors*" in this Prospectus. Factors that may adversely impact the Corporation's forward-looking statements include risks relating to: fluctuations in market prices; the regulatory and political environments in the jurisdictions in which the Corporation operates, including changes to tax laws; environmental requirements and changes in, or liabilities under, these requirements; changes in general economic conditions including interest rates; operational risks involving the Corporation's facilities, including unplanned outages at such facilities; disruptions in the transmission and distribution of electricity; the effects of weather; disruptions in the source of gas, water or wind required to operate our facilities; natural disasters; cyber security attacks; equipment failure and the Corporation's ability to carry out or have completed the repairs in a cost-effective manner or timely manner; commodity risk management; industry risk and competition; the need for additional financing; structural subordination of securities; counterparty credit risk; insurance coverage; the Corporation's provision for income taxes; outcomes of investigations and disputes; reliance on key personnel; labour relations matters; and development projects and acquisitions, including delays in the commissioning of the South Hedland Power Station Project.

Readers are urged to consider these factors carefully in evaluating the forward-looking statements and are cautioned not to place undue reliance on these forward-looking statements. The forward-looking statements included in this Prospectus are made only as of the date hereof and the Corporation does not undertake to publicly update these forward-looking statements to reflect new information, future events or otherwise, except as required by applicable laws. In light of these risks, uncertainties and assumptions, the forward-looking events might occur to a different extent or at a different time than herein described or might not occur at all. The Corporation cannot assure that projected results or events will be achieved.

TRANSALTA RENEWABLES INC.

TransAlta Renewables is a significant generator of wind power in Canada and has a diversified asset platform in terms of geography, generation and counterparties, currently consisting of 18 wind facilities and 13 hydroelectric facilities, eight natural gas generation facilities (including one currently in the process of commissioning) and one natural gas pipeline, representing an ownership interest of 2,441 megawatts ("MW") of net generating capacity, located in the Provinces of British Columbia, Alberta, Ontario, Québec, New Brunswick, the State of Wyoming and the State of Western Australia. This includes the Corporation's economic interest in the 144 MW Wyoming wind farm and the Australian Assets, comprised of 425 MW in operation and the 150 MW South Hedland facility currently in commissioning.

The Corporation was formed to own a portfolio of power generation facilities and assess growth opportunities, including in respect of wind, hydro, solar, geothermal and gas powered facilities, as well as other power related infrastructure assets, such as transmission. The Corporation's objectives are to (i) provide stable, consistent 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; (ii) pursue and capitalize on strategic growth opportunities in the renewable and natural gas power generation and other infrastructure sectors; (iii) maintain diversity in terms of geography, generation and counterparties; and (iv) pay out 80 to 85 per cent of cash available for distribution to the shareholders of the Corporation on an annual basis.

For further details on the business of the Corporation, see "*Overview*", "*Corporate Structure*", "*General Development of the Business*" and "*Business of TransAlta Renewables*" in the Annual Information Form.

USE OF PROCEEDS

Specific information about our use of the net proceeds from an offering of Securities will be set forth in the Prospectus Supplement for that offering. We may, from time to time, issue securities (including Securities) other than pursuant to this Prospectus.

EARNINGS COVERAGE RATIOS

Information regarding earnings coverage ratios will be provided in the applicable Prospectus Supplement relating to any offering of Debt Securities having a term to maturity in excess of one year or Preferred Shares, as required by applicable securities laws.

DESCRIPTION OF SHARE CAPITAL

General

As of the date of this Prospectus, the Corporation's authorized share capital consists of an unlimited number of Common Shares, an unlimited number of class B shares ("**Class B Shares**") and an unlimited number of Preferred Shares, issuable in series. As at July 11, 2017, 224,129,357 Common Shares, 26,086,956 Class B Shares and no Preferred Shares were issued and outstanding.

The following summaries of the rights, privileges, restrictions and conditions attaching to the Common Shares, Class B Shares and Preferred Shares are subject to, and qualified by reference to, the terms and provisions of the Corporation's articles and by-laws.

Common Shares

Holders of Common Shares are entitled to one vote per Common Share at meetings of shareholders of the Corporation, except meetings at which only holders of another particular class or series shall have the right to vote. Holders of Common Shares are not entitled to vote separately as a class upon any proposal to amend the articles of the Corporation in the manner referred to in paragraphs (a), (b) or (e) of subsection 176(1) of the *Canada Business Corporations Act* ("**CBCA**").

Subject to the rights of the Preferred Shares and any other shares of the Corporation ranking senior to the Common Shares with respect to the payment of dividends, holders of Common Shares are entitled to receive dividends, exclusive of any other shares of the Corporation, if, as and when declared by the board of directors (the "**Board**"). Holders of Common Shares are also entitled to share equally in any distribution of the assets of the Corporation upon liquidation, dissolution, bankruptcy or winding-up of the Corporation or any other distribution of its assets among the shareholders of the Corporation for the purpose of winding-up its affairs (such event referred to herein as a "**Distribution**"). Such participation is subject to the preferences accorded to holders of Preferred Shares and other shares of the Corporation ranking senior to the Common Shares with respect to payment on a Distribution. The Common Shares are not convertible into any other class of shares.

The Common Shares offered pursuant to this Prospectus may include Common Shares issuable upon conversion or exchange of any Preferred Shares of any series, upon exercise of any Warrants or upon conversion of any Subscription Receipts.

Class B Shares

Holders of Class B Shares are entitled to one vote per Class B Share at meetings of shareholders of the Corporation (which, for greater certainty, includes meetings of the holders of Common Shares), except meetings of the holders of Preferred Shares. Holders of Class B Shares are not entitled to vote separately as a class upon any proposal to amend the articles of the Corporation in the manner referred to in paragraphs (a), (b) or (e) of subsection 176(1) of the CBCA.

The Class B Shares are convertible into Common Shares at the option of the holder of Class B Shares at any time and from time to time after the commercial operation date of the South Hedland Power Station Project whereupon the holder may convert all (but not less than all) of the Class B Shares into Common Shares on the basis of the Conversion Ratio (as set forth in the terms attaching to the Class B Shares).

In the event of the voluntary or involuntary liquidation, dissolution or winding-up of the Corporation, or any other distribution of its assets among its Shareholders for the purpose of winding-up its affairs, holders of Class B Shares, subject to the preferences accorded to holders of Preferred Shares and any other shares of the Corporation ranking senior to the Class B Shares from time to time with respect to payment on a Distribution, will be entitled to share equally among holders of Class B Shares and Common Shares, share for share, in the remaining property of the Corporation.

Preferred Shares

The Preferred Shares are issuable in series and have such rights, restrictions, conditions and limitations as the Board may from time to time determine. Holders of Preferred Shares are not entitled to vote separately as a series upon any proposal to amend the articles of the Corporation in the manner referred to in paragraphs (a), (b) or (e) of subsection 176(1) of the CBCA.

Subject to the rights of holders of any other shares of the Corporation ranking senior to the Preferred Shares with respect to the payment of dividends, holders of Preferred Shares are entitled to receive payment of dividends, in priority to holders of Common Shares and any other shares ranking junior to the Preferred Shares with respect to the payment of dividends. Holders of Preferred Shares are entitled to be paid rateably with holders of each other series of Preferred Shares the amount of accumulated dividends, if any, specified as being payable preferentially to holders of such series. In the event of a Distribution, holders of each series of Preferred Shares are entitled, in priority to holders of Common Shares or any other shares of the Corporation ranking junior to the Preferred Shares with respect to payment on a Distribution, to be paid rateably with holders of each other series of Preferred Shares the amount, if any, specified as being payable preferentially to holders of such series on a Distribution.

The Prospectus Supplement will set forth the following terms relating to the Preferred Shares being offered:

- (a) the maximum number of Preferred Shares;
- (b) the designation of the series;
- (c) the offering price;
- (d) the annual dividend rate and whether the dividend rate is fixed or variable, the date from which dividends will accrue, and the dividend payment dates;
- (e) the price and the terms and conditions for redemption, if any, including redemption at the option of TransAlta Renewables or at the option of the holder, including the time period for redemption, and payment of any accumulated dividends;

- (f) the terms and conditions, if any, for conversion or exchange for shares of any other class of TransAlta Renewables or any other series of Preferred Shares, or any other securities or assets, including the price or the rate of conversion or exchange and the method, if any, of adjustment;
- (g) whether such Preferred Shares will be listed on any securities exchange;
- (h) the voting rights, if any; and
- (i) any other rights, privileges, restrictions, or conditions attaching to the Preferred Shares.

Preferred Shares will be fully paid and non-assessable upon issuance. The Preferred Shares of any series may be represented, in whole or in part, by one or more global certificates. If Preferred Shares are represented by a global certificate, each global certificate will: (a) be registered in the name of a depositary or a nominee of the depositary identified in the applicable Prospectus Supplement; and (b) be deposited with such depositary or nominee or a custodian for the depositary.

DESCRIPTION OF WARRANTS

General

The Corporation may issue Warrants independently or together with other securities, and Warrants sold with other securities may be attached to or separate from the other securities. Warrants will be issued under one or more warrant agreements between the Corporation and a warrant agent that the Corporation will name in the applicable Prospectus Supplement.

Selected provisions of the Warrants and the warrant agreements are summarized below. This summary is not complete. The statements made in this Prospectus relating to any warrant agreement and Warrants to be issued thereunder are summaries of certain anticipated provisions thereof and are subject to, and are qualified in their entirety by reference to, all provisions of the applicable warrant agreement.

The Prospectus Supplement will set forth the following terms relating to the Warrants being offered:

- (a) the designation of the Warrants;
- (b) the aggregate number of Warrants offered and the offering price;
- (c) the designation, number and terms of the Common Shares, Preferred Shares or other securities purchasable upon exercise of the Warrants, and procedures that will result in the adjustment of those numbers;
- (d) the exercise price of the Warrants;
- (e) the dates or periods during which the Warrants are exercisable;
- (f) the designation and terms of any securities with which the Warrants are issued;
- (g) if the Warrants are issued as a unit with another security, the date on and after which the Warrants and the other security will be separately transferable;
- (h) the currency or currency unit in which the exercise price is denominated;
- (i) any minimum or maximum amount of Warrants that may be exercised at any one time;
- (j) whether such Warrants will be listed on any securities exchange;

- (k) any terms, procedures and limitations relating to the transferability, exchange or exercise of the Warrants; and
- (l) any other terms of the Warrants.

Warrant certificates will be exchangeable for new warrant certificates of different denominations at the office indicated in the Prospectus Supplement. Prior to the exercise of their Warrants, holders of Warrants will not have any of the rights of holders of the securities subject to the Warrants.

The Corporation may amend the warrant agreements and the Warrants, without the consent of the holders of the Warrants, to cure any ambiguity, to cure, correct or supplement any defective or inconsistent provision, or in any other manner that will not materially and adversely affect the interests of holders of outstanding Warrants. Other amendment provisions shall be as indicated in the Prospectus Supplement.

The warrant agent will act solely as the Corporation's agent. The warrant agent will not have any duty or responsibility if the Corporation defaults under the warrant agreements or the warrant certificates. A Warrant holder may, without the consent of the warrant agent, enforce by appropriate legal action on its own behalf the holder's right to exercise the holder's Warrants.

DESCRIPTION OF SUBSCRIPTION RECEIPTS

The Corporation may issue Subscription Receipts, independently or together with other securities. Subscription Receipts will be issued under one or more subscription receipt agreements.

A Subscription Receipt is a security of the Corporation that will entitle the holder to receive one Common Share upon the completion of a transaction, typically an acquisition by us of the assets or securities of another entity. After the offering of Subscription Receipts, the subscription proceeds for the Subscription Receipts are held in escrow by the designated escrow agent, pending the completion of the transaction. Holders of Subscription Receipts will not have any rights of shareholders of the Corporation. Holders of Subscription Receipts are only entitled to receive Common Shares upon the surrender of their Subscription Receipts to the escrow agent or to a return of the subscription price for the Subscription Receipts together with any payments in lieu of interest or other income earned on the subscription proceeds.

Selected provisions of the Subscription Receipts and the subscription receipt agreements are summarized below. This summary is not complete. The statements made in this Prospectus relating to any subscription receipt agreement and Subscription Receipts to be issued thereunder are summaries of certain anticipated provisions thereof and are subject to, and are qualified in their entirety by reference to, all provisions of the applicable subscription receipt agreement, a copy of which will be filed by the Corporation with applicable provincial securities commissions or similar regulatory authorities in Canada after it has been entered into and will be available electronically on SEDAR under our profile which can be accessed at www.sedar.com.

The Prospectus Supplement will set forth the following terms relating to the Subscription Receipts being offered:

- (a) the designation of the Subscription Receipts;
- (b) the aggregate number of Subscription Receipts offered and the offering price;
- (c) the terms, conditions and procedures for which the holders of Subscription Receipts will become entitled to receive Common Shares;
- (d) the number of Common Shares that may be obtained upon the conversion of each Subscription Receipt and the period or periods during which any conversion must occur;
- (e) the designation and terms of any other securities with which the Subscription Receipts will be offered, if any, and the number of Subscription Receipts that will be offered with each security;

- (f) the gross proceeds from the sale of such Subscription Receipts, including (if applicable) the terms applicable to the gross proceeds from the sale of such Subscription Receipts, plus any interest earned thereon;
- (g) the material income tax consequences of owning, holding and disposing of such Subscription Receipts;
- (h) whether such Subscription Receipts will be listed on any securities exchange;
- (i) any terms, procedures and limitations relating to the transferability, exchange or conversion of the Subscription Receipts; and
- (j) any other material terms and conditions of the Subscription Receipts.

DESCRIPTION OF DEBT SECURITIES

The following description of Debt Securities sets forth certain general terms and provisions of Debt Securities that may be offered under this Prospectus and in respect of which a Prospectus Supplement may be filed. The Corporation will provide particular terms and provisions of a series of Debt Securities and a description of how the general terms and provisions described below may apply to that series in the Prospectus Supplement relating to such series. Prospective investors should rely on information in the applicable Prospectus Supplement if it is different from the following information.

Debt Securities will be issued under one or more indentures (each, a "**Debt Indenture**"), in each case between the Corporation and an appropriately qualified financial institution authorized to carry on business as a trustee (each, a "**Trustee**").

The following description sets forth certain general terms and provisions of Debt Securities. The description is not, however, exhaustive and is subject to, and qualified in its entirety by reference to, the detailed provisions of the applicable Debt Indenture. Accordingly, reference should also be made to the applicable Debt Indenture, a copy of which will be filed by the Corporation with applicable provincial securities commissions or similar regulatory authorities in Canada after it has been entered into and before the issue of any Debt Securities thereunder, and will be available electronically on SEDAR under our profile which can be accessed at www.sedar.com.

Debt Securities may be offered separately or in combination with one or more other Securities. The Corporation may also, from time to time, issue Debt Securities and incur additional indebtedness other than pursuant to Debt Securities issued under this Prospectus.

General

Debt Securities may be issued from time to time in one or more series. The Corporation may specify a maximum aggregate principal amount for the Debt Securities of any series and, unless otherwise provided in the applicable Prospectus Supplement, a series of Debt Securities may be reopened for issuance of additional Debt Securities of that series.

The Prospectus Supplement will set forth, as applicable, the following terms and relating to the Debt Securities being offered:

- (a) the specific designation and any limit on the aggregate principal amount of the Debt Securities;
- (b) the currency or currency units for which the Debt Securities may be purchased and in which the principal and any premium or interest is payable (in either case, if other than Canadian dollars);
- (c) the offering price (at par, at a discount or at a premium) of the Debt Securities;

- (d) the date(s) on which the Debt Securities will be issued and delivered;
- (e) the date(s) on which the Debt Securities will mature, including any provision for the extension of a maturity date, or the method of determining such date(s);
- (f) the rate(s) per annum (either fixed or floating) at which the Debt Securities will bear interest (if any) and, if floating, the method of determining such rate(s);
- (g) the date(s) from which any interest obligation will accrue and on which interest will be payable, and the record date(s) for the payment of interest or the method of determining such date(s);
- (h) if applicable, the provisions for subordination of the Debt Securities to other indebtedness of the Corporation;
- (i) the identity of the Trustee under the applicable Debt Indenture pursuant to which the Debt Securities are to be issued;
- (j) any redemption terms, or terms under which the Debt Securities may be defeased prior to maturity;
- (k) any repayment or sinking fund provisions;
- (l) any events of default applicable to the Debt Securities;
- (m) whether the Debt Securities are to be issued in registered form or in the form of temporary or permanent global securities, and the basis of exchange, transfer and ownership thereof;
- (n) whether the Debt Securities may be converted or exchanged for other securities of the Corporation or any other entity;
- (o) if applicable, the ability of the Corporation to satisfy all or a portion of any redemption of the Debt Securities, payment of any premium or interest thereon, or repayment of the principal owing upon the maturity through the issuance of securities of the Corporation or of any other entity, and any restrictions on the persons to whom such securities may be issued;
- (p) provisions applicable to amendment of the Debt Indenture; and
- (q) any other material terms, conditions or other provisions (including covenants) applicable to the Debt Securities.

The Corporation reserves the right to include in a Prospectus Supplement specific terms and provisions pertaining to the Debt Securities in respect of which the Prospectus Supplement is filed that are not within the variables and parameters set forth in this Prospectus. To the extent that any terms or provisions or other information pertaining to the Debt Securities described in a Prospectus Supplement differ from any of the terms or provisions or other information described in this Prospectus, the description set forth in this Prospectus shall be deemed to have been superseded by the description set forth in the Prospectus Supplement with respect to those Debt Securities.

Ranking

Unless otherwise indicated in an applicable Prospectus Supplement, the Debt Securities will be unsecured obligations and will rank equally and *pari passu* in right of payment priority with all of TransAlta Renewables' other unsecured and unsubordinated indebtedness. As at March 31, 2017, our subsidiaries had outstanding \$793 million aggregate principal amount of long term debt (excluding intercompany indebtedness). The Debt Securities issued under this Prospectus will be structurally subordinated to all existing and future liabilities, including trade payables and other indebtedness of our subsidiaries.

OTHER MATTERS RELATING TO THE SECURITIES

General

Securities offered under this Prospectus may be issued in certificated form or in book-entry only form.

Certificated Form

Securities issued in certificated form will be registered in the name of the purchaser or its nominee on the registers maintained by the Corporation's transfer agent and registrar or the applicable Trustee.

Book-Entry Only Form

Securities issued in "book-entry only" form must be purchased, transferred or redeemed through participants ("**participants**") in a depository service of a depository identified in the Prospectus Supplement for the particular offering of Securities. Each of the underwriters, dealers or agents, as the case may be, named in the Prospectus Supplement will be a participant of the depository. On the closing of a book-entry only offering, the Corporation will cause a global certificate or certificates representing the aggregate number of Securities subscribed for under such offering to be delivered to, and registered in the name of, the depository or its nominee. Except as described below, no purchaser of Securities issued in book-entry only form will be entitled to a certificate or other instrument from the Corporation or the depository evidencing that purchaser's ownership thereof, and no purchaser will be shown on the records maintained by the depository except through a book-entry account of a participant acting on behalf of such purchaser. Each purchaser of such Securities will receive a customer confirmation of purchase from the registered dealer from which the Securities are purchased in accordance with the practices and procedures of such registered dealer. The practices of registered dealers may vary, but generally customer confirmations are issued promptly after execution of a customer order. The depository will be responsible for establishing and maintaining book-entry accounts for its participants having interests in the book-entry only Securities. Reference in this Prospectus to a holder of book-entry only Securities means, unless the context otherwise requires, the owner of the beneficial interest in the Securities.

If the Corporation determines, or the depository notifies the Corporation in writing, that the depository is no longer willing or able to discharge properly its responsibilities as depository with respect to the book-entry only Securities and the Corporation is unable to locate a qualified successor, or if the Corporation at its option elects, or is required by law, to terminate the book-entry system, then such Securities will be issued in certificated form to holders or their nominees.

Transfer, Conversion or Redemption of Securities

Certificated Form

Transfer of ownership, conversion or redemptions of Securities held in certificated form will be effected by the registered holder of the Securities in accordance with the requirements of the Corporation's transfer agent and registrar and the terms of the indenture or certificates representing such Securities, as applicable.

Book-Entry Only Form

Transfer of ownership, conversion or redemptions of Securities held in book-entry only form will be effected through records maintained by the depository or its nominee for such Securities with respect to interests of participants, and on the records of participants with respect to interests of persons other than participants. Holders who desire to purchase, sell or otherwise transfer ownership of or other interests in the Securities may do so only through participants. The ability of a holder to pledge a Security or otherwise take action with respect to such holder's interest in a Security (other than through a participant) may be limited due to the lack of a physical certificate.

Payments and Notices

Certificated Form

Any payment of principal, a redemption amount, a dividend and interest on a Security, as applicable, will be made by the Corporation, and any notices in respect of a Security will be given by the Corporation, directly to the registered holder of such Security, unless the applicable indenture in respect of such Security provides otherwise.

Book-Entry Only Form

Any payment of principal, a redemption amount, a dividend and interest on a Security, as applicable, will be made by the Corporation to the depository or its nominee, as the case may be, as the registered holder of the Security and the Corporation understands that such payments will be credited by the depository or its nominee in the appropriate amounts to the relevant participants. Payments to holders of Securities of amounts so credited will be the responsibility of the participants.

As long as the depository or its nominee is the registered holder of the Securities, the depository or its nominee, as the case may be, will be considered the sole owner of the Securities for the purposes of receiving notices or payments on the Securities. In such circumstances, the responsibility and liability of the Corporation in respect of notices or payments on the Securities is limited to giving or making payment of any principal, redemption, dividend and interest due on the Securities to the depository or its nominee.

Each holder must rely on the procedures of the depository and, if such holder is not a participant, on the procedures of the participant through which such holder owns its interest, to exercise any rights with respect to the Securities. The Corporation understands that under existing industry practices, if the Corporation requests any action of holders or if a holder desires to give any notice or take any action which a registered holder is entitled to give or take with respect to any Securities issued in book-entry only form, the depository would authorize the participant acting on behalf of the holder to give such notice or to take such action, in accordance with the procedures established by the depository or agreed to from time to time by the Corporation, any trustee and the depository. Accordingly, any holder that is not a participant must rely on the contractual arrangement it has, directly or indirectly through its financial intermediary, with its participant to give such notice or take such action.

The Corporation, any underwriters, dealers or agents and any trustee identified in a Prospectus Supplement relating to an offering of Securities in book-entry only form, as applicable, will not have any liability or responsibility for: (i) records maintained by the depository relating to beneficial ownership interests in the Securities held by the depository or the book-entry accounts maintained by the depository; (ii) maintaining, supervising or reviewing any records relating to any such beneficial ownership; or (iii) any advice or representation made by or with respect to the depository and contained in the Prospectus Supplement or in any indenture relating to the rules and regulations of the depository or any action to be taken by the depository or at the directions of the participants.

SELLING SHAREHOLDER

To the knowledge of TransAlta Renewables, as of the date of this Prospectus, TransAlta owns, controls or directs, directly or indirectly, an aggregate of 134,015,364 Common Shares and 26,086,956 Class B Shares representing approximately 60 percent of the issued and outstanding Common Shares and 100 percent of the issued and outstanding Class B Shares. The Class B Shares are convertible into Common Shares at the option of TransAlta at any time after the commercial operation date of the South Hedland Power Station Project whereupon TransAlta may convert all (but not less than all) of the Class B Shares into Common Shares on the basis of the Conversion Ratio (as set forth in the terms attaching to the Class B Shares).

On January 6, 2016, the Corporation acquired an economic interest based on the cash flows of TransAlta's Sarnia cogeneration plant, Le Nordais wind farm and Ragged Chute hydro facility (collectively, the "**Canadian Assets**") for a combined value of approximately \$540 million. In addition to the cash consideration of \$173 million paid to TransAlta for the Canadian Assets, the Corporation issued 15,640,583 Common Shares to TransAlta with a value as at November 23, 2015 of \$152 million, and issued a \$215 million convertible unsecured subordinated debenture to

TransAlta. The debenture is on an interest-only basis at a coupon of 4.5 percent per annum payable semi-annually in arrears on June 30 and December 31, and matures on December 31, 2020. On the maturity date, TransAlta will have the right, at its sole option, to convert the outstanding principal amount of the debenture, in whole or in part, into Common Shares at a conversion price of \$13.16 per Common Share. If on the maturity date TransAlta exercises its conversion option in full, the Corporation will issue approximately 16.3 million Common Shares to TransAlta. If TransAlta does not exercise its conversion option, the Corporation may satisfy the principal obligation through the issuance of Common Shares with a unit value corresponding to 95 per cent of the then-current Common Share value or repay the debenture with cash.

On November 30, 2016, the Corporation acquired direct ownership of the Canadian Assets from a subsidiary of TransAlta for consideration equal to the total fair value of the Canadian Assets of \$520 million.

Investor Liquidity Agreement

The following description of certain provisions of the investor liquidity agreement entered into between the Selling Shareholder and the Corporation on August 9, 2013 (the "**Investor Liquidity Agreement**") is a summary only, is not comprehensive and is qualified in its entirety by reference to the full text of the Investor Liquidity Agreement, a copy of which can be found on SEDAR under our profile at www.sedar.com.

The Investor Liquidity Agreement provides that TransAlta and any direct or indirect transferee of TransAlta who becomes party to the Investor Liquidity Agreement (each a "**Holder**") may, at any time and from time to time, make a written request (a "**Demand Registration**") to the Corporation to file a prospectus in any jurisdiction or jurisdictions of Canada in which the Corporation is at the relevant time a reporting issuer in respect of the distribution of all or part of the Common Shares then held by the Holder ("**Registrable Securities**"), subject to certain restrictions set forth in the Investor Liquidity Agreement. Upon receipt by the Corporation of a Demand Registration, the Corporation will be required to use its reasonable commercial efforts to file a prospectus in order to permit the offer and sale or other disposition or distribution in Canada of all or any portion of the Common Shares held, directly or indirectly, by the Holder.

If at any time the Corporation proposes to file a preliminary prospectus with respect to the distribution of any Common Shares to the public, then the Corporation will, at that time, give prompt notice of the proposed distribution to each Holder, which notice will offer each Holder the opportunity to qualify for distribution such number of Registrable Securities as such holder may request. The Corporation will use commercially reasonable efforts to include in such prospectus such Registrable Securities as the Holders may request (a "**Piggy-Back Registration**"), unless the Corporation's underwriter or agent determines, acting reasonably, that including such Registrable Securities in the distribution would adversely affect the Corporation's distribution.

In the case of a prospectus filed in connection with a Demand Registration, the Holder will pay all applicable fees and expenses incident to the Corporation's performance of, or compliance with, the terms of the Demand Registration customarily paid by issuers or sellers of securities, excluding listing expenses of stock exchanges and the fees and disbursements of legal counsel for the Corporation, which will be paid by the Corporation. In the case of a Piggy-Back Registration or the Corporation's participation in a Demand Registration, such fees and expenses will be allocated between the Holder(s), as applicable, and the Corporation in an equitable manner having regard to the proportion of the number of Common Shares sold by each relative to the total number of Common Shares sold pursuant to the prospectus.

All underwriting discounts and commissions, transfer taxes attributable to a sale of Registrable Securities, and any out-of-pocket expenses of the underwriters in connection with each prospectus filed in connection with a Demand Registration or Piggy-Back Registration, other than the fees and expenses described in the preceding paragraph, will be borne by the Holder(s), as applicable, and any other participating sellers (including the Corporation, if applicable) in proportion to the number of Common Shares sold by each relative to the total number of Common Shares sold pursuant to the prospectus.

PRIOR SALES

We have not issued any Securities during the 12-month period prior to the date of this Prospectus.

For additional information on previously issued Securities, see the Annual Financial Statements and Interim Financial Statements, which have been incorporated by reference herein.

CONSOLIDATED CAPITALIZATION OF THE CORPORATION

There have been no material changes in the share and loan capital of the Corporation, on a consolidated basis, since the date of the Interim Financial Statements.

MARKET FOR SHARES

Our Common Shares are listed and traded on the TSX under the symbol "RNW". The following table sets forth certain trading information for our Common Shares during the periods indicated as reported on the TSX. For additional trading information relating to our Common Shares, see "*Market for Securities*" in our Annual Information Form.

<u>Period</u>	<u>Common Share Price (\$) High</u>	<u>Common Share Price (\$) Low</u>	<u>Volume</u>
2016			
July	14.16	13.27	5,630,554
August.....	14.61	13.85	5,543,698
September	15.09	14.05	6,738,399
October	15.00	14.15	3,794,175
November	14.76	12.66	6,097,027
December.....	14.45	13.64	3,579,508
2017			
January.....	15.04	14.17	4,170,015
February.....	15.09	14.56	3,095,692
March.....	15.94	14.46	6,390,766
April.....	16.25	15.49	3,770,940
May.....	16.09	14.81	4,118,747
June.....	16.15	15.30	4,196,765
July (1 to 11)	15.74	15.31	860,963

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

The applicable Prospectus Supplement may describe certain Canadian federal income tax consequences to an investor who is a resident of Canada with respect to the acquisition, ownership and disposition of any Securities offered thereunder.

In addition, the applicable Prospectus Supplement may describe certain Canadian federal income tax consequences to an investor who is a non-resident of Canada and who acquires any Securities offered thereunder, including whether the payments of dividends on Common Shares or Preferred Shares or payments of principal, premium, if any, and interest on Debt Securities will be subject to Canadian non-resident withholding tax.

PLAN OF DISTRIBUTION

We may sell the Securities and the Selling Shareholder may sell Common Shares (i) to or through underwriters purchasing as principal; (ii) directly to one or more purchasers in accordance with applicable securities laws; (iii) through agents; or (iv) through a combination of any of these methods of sale.

The distribution of the Securities of any series may be effected from time to time in one or more transactions at a fixed price or prices or at non-fixed prices. If offered on a non-fixed price basis the Securities may be offered at

market prices prevailing at the time of sale, at prices determined by reference to the prevailing price of a specified security in a specified market or at prices to be negotiated with purchasers, in which case the compensation payable to an underwriter, dealer or agent in connection with any such sale will be increased or decreased by the amount, if any, by which the aggregate price paid for the Securities by the purchasers exceeds or is less than the gross proceeds paid by the underwriter, dealer or agent to the Corporation and/or the Selling Shareholder. The price at which the Securities will be offered and sold may vary from purchaser to purchaser and during the period of distribution.

In connection with the sale of the Securities, underwriters, dealers or agents may receive compensation from the Corporation, the Selling Shareholder or from other parties, including in the form of underwriters', dealers or agents' fees, commissions or concessions. Underwriters, dealers and agents that participate in the distribution of the Securities may be deemed to be underwriters for the purposes of applicable Canadian securities legislation and any such compensation received by them from the Corporation and/or the Selling Shareholder and any profit on the resale of the Securities by them may be deemed to be underwriting commissions.

The Prospectus Supplement relating to each offering of Securities will set forth the terms of the offering of the Securities, including to the extent applicable, the initial offering price, the proceeds to the Corporation and/or the Selling Shareholder, the underwriters', dealers' or agents' compensation or other discount or selling concession to be allowed or re-allowed to underwriters' or dealers. Any underwriters, dealers or agents with respect to a particular offering of Securities will be named in the Prospectus Supplement relating to such offering.

In connection with any offering of Securities, the underwriters may over-allot or effect transactions which stabilize, maintain or otherwise affect the market price of the Securities at a level other than those which otherwise might prevail on the open market. Such transactions may be commenced, interrupted or discontinued at any time.

Under agreements which may be entered into by the Corporation and/or the Selling Shareholder, underwriters, dealers and agents who participate in the distribution of the Securities may be entitled to indemnification by the Corporation and/or the Selling Shareholder against certain liabilities, including liabilities under the securities legislation of each of the provinces of Canada.

Each series of the Securities (other than Common Shares) will be a new issue of securities with no established trading market. Unless otherwise specified in a Prospectus Supplement relating to a series of Securities, the Securities (other than Common Shares) will not be listed on any securities exchange. Certain broker dealers may make a market in the Securities, but will not be obligated to do so and may discontinue any market making at any time without notice. No assurance can be given that any broker dealer will make a market in the Securities of any series or as to the liquidity of the trading market, if any, for the Securities of any series.

Unless otherwise specified in the applicable Prospectus Supplement, this Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Securities in the United States. Unless otherwise specified in the applicable Prospectus Supplement, the Securities have not been and will not be registered under the U.S. Securities Act or any state securities laws, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons, unless the Securities are registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration requirements is available. Each underwriter, dealer and agent who participates in the distribution will agree not to sell or offer to sell or to solicit any offer to buy any Securities within the United States or to, or for the account or benefit of, a U.S. person, except pursuant to an exemption from the registration requirements of the U.S. Securities Act and any applicable state securities laws.

RISK FACTORS

Before deciding to invest in any Securities, prospective purchasers of the Securities should consider carefully the risk factors and the other information contained and incorporated by reference in this Prospectus and the applicable Prospectus Supplement relating to a specific offering of securities before purchasing the Securities. An investment in the Securities is subject to various risks including those risks inherent to the industries in which TransAlta Renewables operates. If any of the events contemplated by these risk factors occurs, TransAlta Renewables' production, revenues or financial condition could be materially harmed, which could adversely affect the value of the Securities. Information regarding the risks affecting the Corporation and its business is provided in the documents incorporated by reference in this Prospectus, including in: (i) the Corporation's most recent annual

information form under the heading "*Risk Factors*"; (ii) the Corporation's most recent management's discussion and analysis of financial condition and results of operations relating to the Corporation's most recent annual audited consolidated financial statements under the heading "*Risk Management*"; and (iii) the Corporation's most recent management's discussion and analysis of financial condition and results of operations relating to the Corporation's most recent interim unaudited consolidated financial statements filed after the annual consolidated financial statements referred to above under the heading "*Forward-Looking Statements*". See "*Documents Incorporated by Reference*".

LEGAL MATTERS

Unless otherwise specified in the Prospectus Supplement relating to the Securities, certain legal matters in connection with the offering of Securities will be passed upon on behalf of TransAlta Renewables by Norton Rose Fulbright Canada LLP, Calgary, Alberta, Canada. In addition, certain legal matters in connection with any offering of Securities will be passed upon for any underwriters, dealers or agents by counsel to be designated at the time of the offering by such underwriters, dealers or agents.

INTEREST OF EXPERTS

Ernst & Young LLP has advised that it is independent within the meaning of the Chartered Professional Accountants of Alberta Rules of Professional Conduct.

AUDITORS, TRANSFER AGENT AND REGISTRAR

TransAlta Renewables' auditors are Ernst & Young LLP, Chartered Professional Accountants, Calgary, Alberta.

The transfer agent and registrar for the Common Shares and Class B Shares is CST Trust Company at its principal transfer offices in Calgary, Alberta, and Toronto, Ontario.

PURCHASER'S STATUTORY RIGHTS

Subject to such further disclosure as may be provided in the applicable Prospectus Supplement, the following is a description of a purchaser's statutory rights in respect of a purchase of Securities under this Prospectus. Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment (irrespective, in the case of an offering on a non-fixed price basis, of the determination at a later date of the purchase price of the Securities distributed). In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revision of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal advisor.

CONTRACTUAL RIGHTS OF RESCISSION

If this Prospectus (as supplemented or amended) contains a misrepresentation, original purchasers of convertible, exchangeable or exercisable Securities in Canada will have a contractual right of rescission (the "**Contractual Right**") against the Corporation. The Contractual Right entitles such original purchasers to receive either the amount paid upon conversion, exchange or exercise of the Security, or, if no amount was paid upon conversion, exercise or exchange, the amount paid for the convertible, exchangeable or exercisable Security, upon surrender of the underlying securities gained thereby. The Contractual Right will only be available if both the conversion, exchange or exercise occurs, and the Contractual Right is exercised, within 180 days of the date of the purchase of the convertible, exchangeable or exercisable Security under this Prospectus (as supplemented or amended). The Contractual Right is consistent with the statutory right of rescission described under section 203 of the *Securities Act* (Alberta), and is in addition to any other right or remedy available to original purchasers at law.

In an offering of convertible, exchangeable or exercisable Securities, investors are further advised that the statutory right of action for damages for a misrepresentation contained in the prospectus is limited, in certain provincial securities legislation, to the amount paid for the convertible, exchangeable or exercisable security that was purchased under a prospectus and, therefore, a further payment at the time of conversion, exchange or exercise may not be recoverable under the statutory right of action for damages that applies in those provinces. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights, or consult with a legal advisor.

CERTIFICATE OF THE CORPORATION

DATED: July 12, 2017

This short form prospectus, together with the documents incorporated in this prospectus by reference, will, as of the date of the last supplement to this prospectus relating to the securities offered by this prospectus and the supplement(s), constitute full, true and plain disclosure of all material facts relating to the securities offered by this prospectus and the supplement(s) as required by the securities legislation of each of the provinces of Canada.

(signed) BRETT M. GELLNER
President and Designated Chief Executive Officer

(signed) DONALD TREMBLAY
Chief Financial Officer

On behalf of the Board of Directors

(signed) ALLEN R. HAGERMAN
Director

(signed) KATHRYN B. MCQUADE
Director