Condensed Consolidated Statements of Earnings

(in millions of Canadian dollars except where noted)

Unaudited	3 months ended June 30		6 months ended June 30	
	2024	2023	**2024**	2023
Revenues (Note 3)	**582**	625	**1,529**	1,714
Fuel and purchased power (Note 4)	**154**	188	**477**	513
Carbon compliance (Note 4)	**(8)**	25	**32**	57
Gross margin	**436**	412	**1,020**	1,144
Operations, maintenance and administration (Note 4)	**144**	134	**278**	258
Depreciation and amortization	**131**	173	**255**	349
Asset impairment charges (reversals)	**5**	(13)	**6**	(16)
Taxes, other than income taxes	**9**	9	**17**	18
Net other operating income	**(12)**	(10)	**(24)**	(23)
Operating income	**159**	119	**488**	558
Equity income (loss)	**3**	(1)	**4**	1
Finance lease income	**4**	4	**6**	8
Interest income	**8**	16	**15**	31
Interest expense (Note 5)	**(80)**	(72)	**(149)**	(146)
Foreign exchange gain (loss)	**(1)**	8	**(6)**	5
Gain on sale of assets and other	**1**	5	**3**	5
Earnings before income taxes	**94**	79	**361**	462
Income tax expense (recovery) (Note 6)	**28**	(18)	**57**	31
Net earnings	**66**	97	**304**	431
Net earnings attributable to:				
TransAlta shareholders	**69**	74	**291**	368
Non-controlling interests (Note 7)	**(3)**	23	**13**	63
	66	97	**304**	431
Net earnings attributable to TransAlta shareholders	**69**	74	**291**	368
Preferred share dividends (Note 15)	**13**	12	**13**	12
Net earnings attributable to common shareholders	**56**	62	**278**	356
Weighted average number of common shares outstanding in the period (*millions*)	**303**	264	**306**	266
Net earnings per share attributable to common shareholders, basic and diluted (Note 14)	**0.18**	0.23	**0.91**	1.34

See accompanying notes.

Condensed Consolidated Statements of Comprehensive Income

(in millions of Canadian dollars)

	3 months ended June 30		6 months ended June 30	
Unaudited	**2024**	**2023**	**2024**	**2023**
Net earnings	**66**	97	**304**	431
Other comprehensive income				
Net actuarial gains on defined benefit plans, net of tax[(1)]	**4**	3	**11**	3
Total items that will not be reclassified subsequently to net earnings	**4**	3	**11**	3
Gains (losses) on translating net assets of foreign operations	**8**	(13)	**14**	(13)
Gains (losses) on financial instruments designated as hedges of foreign operations, net of tax[(2)]	**(3)**	8	**(13)**	9
Gains on derivatives designated as cash flow hedges, net of tax[(3)]	**20**	23	**66**	52
Reclassification of losses (gains) on derivatives designated as cash flow hedges to net earnings, net of tax[(4)]	**(28)**	(8)	**10**	32
Total items that will be reclassified subsequently to net earnings	**(3)**	10	**77**	80
Other comprehensive income	**1**	13	**88**	83
Total comprehensive income	**67**	110	**392**	514
Total comprehensive income attributable to:				
TransAlta shareholders	**70**	106	**379**	466
Non-controlling interests (Note 7)	**(3)**	4	**13**	48
	67	110	**392**	514

(1) Net of income tax expense of $1 million and $3 million for three and six months ended June 30, 2024 (June 30, 2023 – $1 million for both periods).

(2) Net of income tax recovery of $1 million and $2 million for three and six months ended June 30, 2024 (June 30, 2023 – $1 million expense for both periods).

(3) Net of income tax expense of $4 million and $16 million for three and six months ended June 30, 2024 (June 30, 2023 – $7 million and $15 million expense).

(4) Net of reclassification of income tax recovery of $7 million and expense of $3 million for three and six months ended June 30, 2024 (June 30, 2023 – $1 million recovery and $10 million expense).

See accompanying notes.

Condensed Consolidated Statements of Financial Position

(in millions of Canadian dollars)

Unaudited	June 30, 2024	Dec. 31, 2023
Current assets		
Cash and cash equivalents	**351**	348
Restricted cash (Note 13)	**42**	69
Trade and other receivables (Note 8)	**659**	807
Prepaid expenses and other	**60**	48
Risk management assets (Note 9 and 10)	**249**	151
Inventory	**155**	157
	1,516	1,580
Non-current assets		
Investments	**147**	138
Long-term portion of finance lease receivables (Note 11)	**209**	171
Risk management assets (Note 9 and 10)	**78**	52
Property, plant and equipment (Note 12)	**5,614**	5,714
Right-of-use assets	**117**	117
Intangible assets	**213**	223
Goodwill	**465**	464
Deferred income tax assets	**14**	21
Other assets	**173**	179
Total assets	**8,546**	8,659
Current liabilities		
Bank overdraft	**1**	3
Accounts payable and accrued liabilities (Note 8)	**536**	797
Current portion of decommissioning and other provisions	**66**	35
Risk management liabilities (Note 9 and 10)	**286**	314
Current portion of contract liabilities	**9**	3
Income taxes payable	**13**	9
Dividends payable (Note 14 and 15)	**18**	49
Exchangeable securities (Note 2)	**747**	—
Current portion of long-term debt and lease liabilities (Note 13)	**134**	532
	1,810	1,742
Non-current liabilities		
Credit facilities, long-term debt and lease liabilities (Note 13)	**3,311**	2,934
Exchangeable securities (Note 2)	**—**	744
Decommissioning and other provisions	**646**	654
Deferred income tax liabilities	**397**	386
Risk management liabilities (Note 9 and 10)	**243**	274
Contract liabilities	**16**	10
Defined benefit obligation and other long-term liabilities	**216**	251
Equity		
Common shares (Note 14)	**3,189**	3,285
Preferred shares (Note 15)	**942**	942
Contributed surplus	**30**	41
Deficit	**(2,294)**	(2,567)
Accumulated other comprehensive loss	**(76)**	(164)
Equity attributable to shareholders	**1,791**	1,537
Non-controlling interests (Note 7)	**116**	127
Total equity	**1,907**	1,664
Total liabilities and equity	**8,546**	8,659

Commitments and contingencies (Note 16)

See accompanying notes.

Condensed Consolidated Statements of Changes in Equity

(in millions of Canadian dollars)

Unaudited

6 months ended June 30, 2024	**Common shares**	**Preferred shares**	**Contributed surplus**	**Deficit**	**Accumulated other comprehensive income (loss)**	**Attributable to shareholders**	**Attributable to non-controlling interests**	**Total**
Balance, Dec. 31, 2023	3,285	942	41	(2,567)	(164)	1,537	127	1,664
Net earnings	**—**	**—**	**—**	**291**	**—**	**291**	**13**	**304**
Other comprehensive income:								
Net losses on translating net assets of foreign operations, net of hedges and of tax	**—**	**—**	**—**	**—**	**1**	**1**	**—**	**1**
Net gains on derivatives designated as cash flow hedges, net of tax	**—**	**—**	**—**	**—**	**76**	**76**	**—**	**76**
Net actuarial gains on defined benefits plans, net of tax	**—**	**—**	**—**	**—**	**11**	**11**	**—**	**11**
Total comprehensive income	**—**	**—**	**—**	**291**	**88**	**379**	**13**	**392**
Common share dividends (Note 14)	**—**	**—**	**—**	**(18)**	**—**	**(18)**	**—**	**(18)**
Preferred share dividends (Note 15)	**—**	**—**	**—**	**(13)**	**—**	**(13)**	**—**	**(13)**
Shares purchased under normal course issuer bid ("NCIB") (Note 14)	**(104)**	**—**	**—**	**13**	**—**	**(91)**	**—**	**(91)**
Provision for repurchase of shares under the automatic share purchase plan ("ASPP") (Note 14)	**(5)**	**—**	**—**	**—**	**—**	**(5)**	**—**	**(5)**
Share-based payment plans and stock options exercised	**13**	**—**	**(11)**	**—**	**—**	**2**	**—**	**2**
Distributions declared to non-controlling interests (Note 7)	**—**	**—**	**—**	**—**	**—**	**—**	**(24)**	**(24)**
Balance, June 30, 2024	**3,189**	**942**	**30**	**(2,294)**	**(76)**	**1,791**	**116**	**1,907**

6 months ended June 30, 2023	**Common shares**	**Preferred shares**	**Contributed surplus**	**Deficit**	**Accumulated other comprehensive income (loss)**	**Attributable to shareholders**	**Attributable to non-controlling interests**	**Total**
Balance, Dec. 31, 2022	2,863	942	41	(2,514)	(222)	1,110	879	1,989
Net earnings	—	—	—	368	—	368	63	431
Other comprehensive income (loss):								
Net gains on translating net assets of foreign operations, net of hedges and tax	—	—	—	—	(4)	(4)	—	(4)
Net gains on derivatives designated as cash flow hedges, net of tax	—	—	—	—	84	84	—	84
Net actuarial gains on defined benefits plans, net of tax	—	—	—	—	3	3	—	3
Intercompany and third-party FVTOCI investments	—	—	—	—	15	15	(15)	—
Total comprehensive income	—	—	—	368	98	466	48	514
Common share dividends (Note 15)	—	—	—	(15)	—	(15)	—	(15)
Preferred share dividends (Note 16)	—	—	—	(12)	—	(12)	—	(12)
Shares purchased under NCIB (Note 14)	(65)	—	—	(6)	—	(71)	—	(71)
Effect of share-based payment plans	10	—	(13)	—	—	(3)	—	(3)
Distributions paid and payable, to non-controlling interests (Note 7)	—	—	—	—	—	—	(129)	(129)
Balance,June 30, 2023	2,808	942	28	(2,179)	(124)	1,475	798	2,273

See accompanying notes.

Condensed Consolidated Statements of Cash Flows

(in millions of Canadian dollars)

	3 months ended June 30		6 months ended June 30	
Unaudited	**2024**	**2023**	**2024**	**2023**
Operating activities				
Net earnings	**66**	97	**304**	431
Depreciation and amortization	**131**	173	**255**	349
Gain on sale of assets and other	**(1)**	(4)	**(1)**	(4)
Accretion of provisions (Note 5)	**12**	13	**24**	27
Decommissioning and restoration costs settled	**(12)**	(9)	**(19)**	(16)
Deferred income tax expense (recovery) (Note 6)	**(5)**	24	**(3)**	13
Unrealized loss (gain) from risk management activities	**6**	151	**(119)**	87
Unrealized foreign exchange loss (gain)	**—**	—	**(4)**	2
Provisions and contract liabilities	**2**	—	**2**	—
Asset impairment charges (reversals)	**5**	(13)	**6**	(16)
Equity (income) loss, net of distributions from investments	**(2)**	3	**(1)**	2
Other non-cash items	**20**	(16)	**15**	(36)
Cash flow from operations before changes in working capital	**222**	419	**459**	839
Change in non-cash operating working capital balances	**(114)**	(408)	**(107)**	(366)
Cash flow from operating activities	**108**	11	**352**	473
Investing activities				
Additions to property, plant and equipment (Note 12)	**(58)**	(192)	**(126)**	(476)
Additions to intangible assets	**(3)**	(3)	**(4)**	(6)
Restricted cash (Note 13)	**5**	4	**27**	27
Repayment from loan receivable	**—**	1	**—**	5
Investments	**—**	(10)	**—**	(10)
Proceeds on sale of property, plant and equipment	**1**	4	**2**	27
Realized gain on financial instruments	**1**	7	**1**	13
Decrease in finance lease receivable	**5**	13	**10**	26
Other	**2**	(3)	**14**	(8)
Change in non-cash investing working capital balances	**—**	(6)	**(29)**	35
Cash flow used in investing activities	**(47)**	(185)	**(105)**	(367)
Financing activities				
Net increase (decrease) in borrowings under credit facilities (Note 13)	**(2)**	87	**(2)**	87
Repayment of long-term debt (Note 13)	**(36)**	(80)	**(65)**	(109)
Dividends paid on common shares (Note 14)	**(18)**	(15)	**(35)**	(30)
Dividends paid on preferred shares (Note 15)	**(13)**	(12)	**(26)**	(25)
Repurchase of common shares under NCIB (Note 14)	**(58)**	(39)	**(90)**	(73)
Proceeds on issuance of common shares	**1**	2	**4**	4
Distributions paid to subsidiaries' non-controlling interests (Note 7)	**(5)**	(53)	**(24)**	(129)
Decrease in lease liabilities	**(1)**	(3)	**(2)**	(5)
Financing fees and other	**(1)**	(2)	**(1)**	—
Change in non-cash financing working capital balances	**—**	—	**(6)**	—
Cash flow used in financing activities	**(133)**	(115)	**(247)**	(280)
Cash flow used in operating, investing and financing activities	**(72)**	(289)	**—**	(174)
Effect of translation on foreign currency cash	**4**	(6)	**3**	(8)
(Decrease) increase in cash and cash equivalents	**(68)**	(295)	**3**	(182)
Cash and cash equivalents, beginning of period	**419**	1,247	**348**	1,134
Cash and cash equivalents, end of period	**351**	952	**351**	952
Cash taxes paid	**25**	33	**37**	70
Cash interest paid	**75**	77	**133**	139
Cash interest received	**7**	15	**13**	29

See accompanying notes.

Notes to the Condensed Consolidated Financial Statements

(Unaudited)

(Tabular amounts in millions of Canadian dollars, except as otherwise noted)

1. Corporate Information

A. Description of the Business

TransAlta Corporation ("TransAlta" or the "Company") was incorporated under the Canada Business Corporations Act in March 1985. The Company became a public company in December 1992. The Company's head office is located in Calgary, Alberta.

B. Basis of Preparation

These unaudited interim condensed consolidated financial statements have been prepared in compliance with International Accounting Standard ("IAS") 34 Interim Financial Reporting using the same accounting policies as those used in the Company's most recent audited annual consolidated financial statements, except as outlined in Note 2. These unaudited interim condensed consolidated financial statements do not include all of the disclosures included in the Company's audited annual consolidated financial statements. Accordingly, they should be read in conjunction with the Company's most recent audited annual consolidated financial statements which are available on SEDAR+ at www.sedarplus.ca and on EDGAR at www.sec.gov.

The unaudited interim condensed consolidated financial statements include the accounts of the Company and the subsidiaries that it controls.

The unaudited interim condensed consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments, which are stated at fair value.

These unaudited interim condensed consolidated financial statements reflect all adjustments which consist of normal recurring adjustments and accruals that are, in the opinion of management, necessary for a fair presentation of results. Interim results will fluctuate due to plant maintenance schedules, the seasonal demands for electricity and changes in energy prices. Consequently, interim condensed results are not necessarily indicative of annual results. TransAlta's results are partly seasonal due to the nature of the electricity market and related fuel costs.

These unaudited interim condensed consolidated financial statements were authorized for issue by the Audit, Finance and Risk Committee on behalf of TransAlta's Board of Directors (the "Board") on July 31, 2024.

C. Significant Accounting Judgements and Key Sources of Estimation Uncertainty

The preparation of these unaudited interim condensed consolidated financial statements in accordance with IAS 34 requires management to use judgment and make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and disclosures of contingent assets and liabilities. These estimates are subject to uncertainty. Actual results could differ from these estimates due to factors such as fluctuations in interest rates, foreign exchange rates, inflation and commodity prices, and changes in economic conditions, legislation and regulations.

During the three and six months ended June 30, 2024, there were no significant changes in estimates.

Refer to Note 2(P) of the Company's 2023 audited annual consolidated financial statements for further details on the significant accounting judgments and key sources of estimation uncertainty.

2. Material Accounting Policies

The accounting policies adopted in the preparation of the unaudited interim condensed consolidated financial statements are consistent with those followed in the preparation of the Company's annual consolidated financial statements for the year ended Dec. 31, 2023, except for the adoption of new standards effective as of Jan. 1, 2024.

A. Current Accounting Changes

Amendments to IAS 1 Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current

In October 2022, the International Accounting Standards Board ("IASB") issued Non-current Liabilities with Covenants, which amends IAS 1 Presentation of Financial Statements, to clarify how conditions with which an entity must comply within 12 months after the reporting period affect the classification of a liability. In January 2020, the IASB issued Classification of Liabilities as Current or Non-current, which amends IAS 1 Presentation of Financial Statements regarding the classification of liabilities as current or non-current, clarifying that contractual rights and conditions existing at the end of the reporting period are relevant in determining whether the Company has a right to defer settlement of a liability by at least 12 months.

Additionally, the IASB clarified that the classification of a liability is unaffected by the likelihood that an entity will exercise its deferral right. The amendments are applied retrospectively, effective for annual periods beginning on or after Jan. 1, 2024, and were adopted by the Company on that date.

The Company has an Investment Agreement whereby Brookfield Renewable Partners or its affiliates (collectively "Brookfield") agreed to invest $750 million in TransAlta through the purchase of exchangeable securities ("Exchangeable Securities"), which are exchangeable into an equity ownership interest in TransAlta's Alberta Hydro Assets in the future. On Jan. 1, 2024, the Company reclassified the Exchangeable Securities from non-current liabilities to current liabilities as the conversion option can be exercised at any time after Jan. 1, 2025, although there is no obligation to deliver cash equivalent resources and the holder cannot call for repayment. This accounting is consistent with the amendment.

B. Future Accounting Changes

On May 29, 2024, the IASB issued Amendments to the Classification and Measurement of Financial Instruments effective Jan. 1, 2026 impacting IFRS 7 & 9. The IASB amended the requirements related to settling financial liabilities using an electronic payment system; and assessing contractual cash flow characteristics of financial assets, including those with ESG-linked features. The Company is currently evaluating the impacts to the financial statements.

On April 9, 2024, the IASB issued a new standard, International Financial Reporting Standard ("IFRS") 18 *Presentation and Disclosure in Financial Statements*, which introduced new requirements for improved comparability in the statement of profit or loss, enhanced transparency of management-defined performance measures and more useful grouping of information in the financial statements. The standard is effective for annual reporting periods beginning on or after Jan. 1, 2027. The Company is currently evaluating the impacts to the financial statements.

C. Comparative Figures

Certain comparative figures have been reclassified to conform to the current period's presentation. These reclassifications did not impact previously reported net earnings.

3. Revenue

Disaggregation of Revenue

The majority of the Company's revenues are derived from the sale of power, capacity, environmental and tax attributes and from asset optimization activities, which the Company disaggregates into the following groups for the purpose of determining how economic factors affect the recognition of revenue.

3 months ended June 30, 2024	Hydro	Wind and Solar	Gas	Energy Transition	Energy Marketing	Corporate[1]	Total
Revenues from contracts with customers							
Power and other	11	60	125	3	—	—	199
Environmental attributes[2]	39	30	—	—	—	(34)	35
Revenue from contracts with customers	50	90	125	3	—	(34)	234
Revenue from derivatives and other trading activities[3]	4	(1)	69	75	47	—	194
Revenue from merchant sales	44	15	87	1	—	—	147
Other[4]	1	3	3	—	—	—	7
Total revenue	99	107	284	79	47	(34)	582
Revenues from contracts with customers							
Timing of revenue recognition							
At a point in time	39	30	—	3	—	(34)	38
Over time	11	60	125	—	—	—	196
Total revenue from contracts with customers	50	90	125	3	—	(34)	234

(1) The elimination of intercompany sales is reflected in the Corporate segment.

(2) The environmental and tax attributes represent environmental attribute and production tax transfer sales not bundled with power and other sales.

(3) Represents realized and unrealized gains or losses from hedging and derivative positions. Volatility and pricing in commodity markets can vary significantly from period to period and impact movements in derivative positions.

(4) Other revenue includes production tax credits related to US wind facilities subject to tax equity financing arrangements, total lease income from long-term contracts that meet the criteria of operating leases and other miscellaneous revenues.

3 months ended June 30, 2023	Hydro	Wind and Solar	Gas	Energy Transition	Energy Marketing	Corporate	Total
Revenues from contracts with customers							
Power and other[1]	12	45	94	2	—	—	153
Environmental and tax attributes[2]	1	7	—	—	—	—	8
Revenue from contracts with customers	13	52	94	2	—	—	161
Revenue from derivatives and other trading activities[1][3]	—	8	(187)	52	3	1	(123)
Revenue from merchant sales	153	17	333	67	—	—	570
Other[4]	2	4	11	—	—	—	17
Total revenue	168	81	251	121	3	1	625
Revenues from contracts with customers							
Timing of revenue recognition							
At a point in time	1	7	—	2	—	—	10
Over time	12	45	94	—	—	—	151
Total revenue from contracts with customers	13	52	94	2	—	—	161

(1) In the Wind and Solar segment, $7 million of mark-to-market revenues were reclassified from Revenue from contracts with customers to Revenue from derivatives and other trading activities to conform to the current period's presentation.

(2) The environmental and tax attributes represent environmental attribute and production tax transfer sales not bundled with power and other sales.

(3) Represents realized and unrealized gains or losses from hedging and derivative positions. Volatility and pricing in commodity markets can vary significantly from period to period and impact movements in derivative positions.

(4) Other revenue includes production tax credits related to US wind facilities, total lease income from long-term contracts that meet the criteria of operating leases and other miscellaneous revenues.

6 months ended June 30, 2024	Hydro	Wind and Solar	Gas	Energy Transition	Energy Marketing	Corporate[1]	Total
Revenues from contracts with customers							
Power and other	16	130	237	6	—	—	389
Environmental and tax attributes[2]	53	48	—	—	—	(34)	67
Revenue from contracts with customers	69	178	237	6	—	(34)	456
Revenue from derivatives and other trading activities[3]	10	20	157	145	99	—	431
Revenue from merchant sales	127	35	309	145	—	—	616
Other[4]	5	7	14	—	—	—	26
Total revenue	211	240	717	296	99	(34)	1,529
Revenues from contracts with customers							
Timing of revenue recognition							
At a point in time	53	48	—	6	—	(34)	73
Over time	16	130	237	—	—	—	383
Total revenue from contracts with customers	69	178	237	6	—	(34)	456

(1) The elimination of intercompany sales is reflected in the Corporate segment.

(2) The environmental and tax attributes represent environmental attribute and production tax transfer sales not bundled with power and other sales.

(3) Represents realized and unrealized gains or losses from hedging and derivative positions. Volatility and pricing in commodity markets can vary significantly from period to period and impact movements in derivative positions.

(4) Other revenue includes production tax credits related to US wind facilities subject to tax equity financing arrangements, total lease income from long-term contracts that meet the criteria of operating leases and other miscellaneous revenues.

6 months ended June 30, 2023	Hydro	Wind and Solar	Gas	Energy Transition	Energy Marketing	Corporate	Total
Revenues from contracts with customers							
Power and other[1]	16	105	193	5	—	—	319
Environmental and tax attributes[2]	9	20	—	—	—	—	29
Revenue from contracts with customers	25	125	193	5	—	—	348
Revenue from derivatives and other trading activities[1][3]	25	6	(158)	130	95	1	99
Revenue from merchant sales	239	51	690	253	—	—	1,233
Other[4]	4	9	21	—	—	—	34
Total revenue	293	191	746	388	95	1	1,714
Revenues from contracts with customers							
Timing of revenue recognition							
At a point in time	9	20	—	5	—	—	34
Over time	16	105	193	—	—	—	314
Total revenue from contracts with customers	25	125	193	5	—	—	348

(1) In the Wind and Solar segment, $6 million of mark-to-market revenues were reclassified from Revenue from contracts with customers to Revenue from derivatives and other trading activities to conform to the current period's presentation.

(2) The environmental and tax attributes represent environmental attribute and production tax transfer sales not bundled with power and other sales.

(3) Represents realized and unrealized gains or losses from hedging and derivative positions. Volatility and pricing in commodity markets can vary significantly from period to period and impact movements in derivative positions.

(4) Other revenue includes production tax credits related to US wind facilities, total lease income from long-term contracts that meet the criteria of operating leases and other miscellaneous revenues.

4. Expenses by Nature

Fuel, Purchased Power and Operations, Maintenance and Administration ("OM&A")

Fuel and purchased power and OM&A expenses are classified by nature as follows:

	3 months ended June 30				6 months ended June 30			
	2024		2023		2024		2023	
	Fuel and purchased power	OM&A	Fuel and purchased power	OM&A	Fuel and purchased power	OM&A	Fuel and purchased power	OM&A
Gas fuel costs	**74**	**—**	71	—	**183**	**—**	181	—
Coal fuel costs	**3**	**—**	25	—	**37**	**—**	79	—
Royalty, land lease, other direct costs	**10**	**—**	6	—	**18**	**—**	14	—
Purchased power	**67**	**—**	84	—	**239**	**—**	236	—
Salaries and benefits	**—**	**69**	2	66	**—**	**134**	3	130
Other operating expenses	**—**	**75**	—	68	**—**	**144**	—	128
Total	**154**	**144**	188	134	**477**	**278**	513	258

Carbon Compliance

As at June 30, 2024, the Company holds 436,890 emission credits in inventory that were purchased externally with a recorded book value of $20 million (Dec. 31, 2023 – 962,548 emission credits with a recorded book value of $45 million). The Company also has 1,940,317 (Dec. 31, 2023 – 3,121,837) of internally generated eligible emission credits from the Company's Wind and Solar and Hydro segments which have no recorded book value.

Emission credits can be sold externally or can be used to offset future emission obligations from our gas facilities located in Alberta, where the compliance price of carbon is expected to increase, resulting in a reduced cash cost for carbon compliance in the year of settlement. The compliance price of carbon for the 2023 obligation was $65 per tonne. It increased to $80 per tonne in 2024.

During 2024, the Company utilized 978,894 emission credits with a carrying value of $22 million, to settle a portion of the 2023 carbon compliance obligation. During the three and six months ended June 30, 2024, $42 million was recognized as a reduction in the Company's carbon compliance costs.

5. Interest Expense

The components of interest expense are as follows:

	3 months ended June 30		6 months ended June 30	
	2024	**2023**	**2024**	**2023**
Interest on debt	**50**	51	**99**	101
Interest on exchangeable debentures(1)	**8**	8	**15**	15
Interest on exchangeable preferred shares(2)	**7**	7	**14**	14
Capitalized interest (Note 12)	**(2)**	(13)	**(16)**	(26)
Interest on lease liabilities	**3**	2	**5**	4
Credit facility fees, bank charges and other interest	**2**	3	**8**	11
Tax shield on tax equity financing	**—**	1	**—**	—
Accretion of provisions	**12**	13	**24**	27
Interest expense	**80**	72	**149**	146

(1) On May 1, 2019, Brookfield invested $350 million in exchange for seven per cent unsecured subordinated debentures due May 1, 2039.

(2) On Oct. 30, 2020, Brookfield invested $400 million in the Company in exchange for redeemable, retractable first preferred shares (Series I). The Series I Preferred Shares are accounted for as current debt and the exchangeable preferred share dividends are reported as interest expense. On July 29, 2024, the Company declared a dividend of $7 million in aggregate on the Series I Preferred Shares at the fixed rate of 1.740 per cent, per share, payable on Aug. 31, 2024.

6. Income Taxes

The components of income tax expense are as follows:

	3 months ended June 30		6 months ended June 30	
	2024	**2023**	**2024**	**2023**
Current income tax expense (recovery)	**33**	(42)	**60**	18
Deferred income tax expense (recovery) related to the origination and reversal of temporary differences	**(10)**	61	**25**	110
Deferred income tax expense (recovery) related to temporary difference on investment in subsidiaries	**—**	2	**(6)**	1
Write-down (reversal of write-down) of unrecognized deferred income tax assets(1)	**5**	(39)	**(22)**	(98)
Income tax expense (recovery)	**28**	(18)	**57**	31
Current income tax expense (recovery)	**33**	(42)	**60**	18
Deferred income tax expense (recovery)	**(5)**	24	**(3)**	13
Income tax expense (recovery)	**28**	(18)	**57**	31

(1) During the three and six months ended June 30, 2024, the Company had a $5 million write-down and $22 million reversal of write-down of deferred tax assets, respectively (June 30, 2023 - $39 million and $98 million reversal of write-down, respectively). The deferred income tax assets mainly relate to the tax benefits associated with tax losses related to the Company's directly owned US operations and other deductible differences.

In Canada, the Global Minimum Tax Act ("GMTA") implementing the Pillar 2 rules was enacted on June 19, 2024. As enacted, the Pillar Two rules in the GMTA would apply to the income of the Company as well as Company's US and Australian subsidiaries for the year beginning on Jan. 1, 2024. Based on an assessment performed, Pillar Two top-up taxes will not be applicable in any of the jurisdictions in which the Company operates.

7. Non-Controlling Interests

The Company's subsidiaries and operations that have non-controlling interests ("NCI") are as follows:

Subsidiary / Operation	NCI owner	NCI as at June 30, 2024	NCI as at Dec. 31, 2023	NCI as at June 30, 2023
TransAlta Cogeneration L.P.	Canadian Power Holdings Inc.	**49.99%**	49.99%	49.99%
Kent Hills Wind LP	Natural Forces Technologies Inc.	**17%**	17%	17%
TransAlta Renewables Inc.(1)	Public shareholders	**nil**	nil	39.9%

(1) Non-controlling interest from Jan. 1, 2023 to Oct. 4, 2023 was 39.9%.

TransAlta Cogeneration, L.P. ("TA Cogen") operates a portfolio of cogeneration facilities in Canada and owns 50 per cent of a dual-fuel generating facility.

Kent Hills Wind LP owns and operates the 167 MW Kent Hills (1, 2 and 3) wind facilities located in New Brunswick. Kent Hills Wind LP is a subsidiary of TransAlta Renewables Inc. ("TransAlta Renewables").

TransAlta Renewables was previously a non-wholly owned publicly traded entity that operates a portfolio of gas and renewable power generation facilities in Canada and owns economic interests in various other gas and renewable facilities of the Company.

On Oct. 5, 2023, the Company acquired all of the outstanding common shares of TransAlta Renewables not already owned, directly or indirectly, by TransAlta and certain of its affiliates. TransAlta Renewables at March 31, 2024 and at Dec. 31, 2023, is a wholly owned subsidiary of the Company.

	3 months ended June 30		6 months ended June 30	
	2024	**2023**	**2024**	**2023**
Net earnings (loss) attributable to non-controlling interests				
TransAlta Cogeneration L.P.	**(4)**	18	**12**	41
Kent Hills Wind LP[(1)]	**1**	N/A	**1**	N/A
TransAlta Renewables Inc.[(1)]	**N/A**	5	**N/A**	22
	(3)	23	**13**	63
Total comprehensive income (loss) attributable to non-controlling interests				
TransAlta Cogeneration L.P.	**(4)**	18	**12**	41
Kent Hills Wind LP[(1)]	**1**	N/A	**1**	N/A
TransAlta Renewables Inc.[(1)]	**N/A**	(14)	**N/A**	7
	(3)	4	**13**	48
Distributions paid to non-controlling interests				
TransAlta Cogeneration L.P.	**5**	28	**24**	79
Kent Hills Wind LP[(1)]	**—**	N/A	**—**	N/A
TransAlta Renewables Inc.[(1)]	**N/A**	25	**N/A**	50
	5	53	**24**	129

(1) On Oct. 5, 2023, the Company acquired all of the outstanding common shares of TransAlta Renewables not already owned, directly or indirectly, by TransAlta and certain of its affiliates. Subsequent to Oct. 5, 2023, no non-controlling interest exists for TransAlta Renewables. Prior to Oct 5, 2023, financial information related to the 17 per cent non-controlling interest in Kent Hills Wind LP was included in the financial information disclosed for TransAlta Renewables.

As at	June 30, 2024	Dec. 31, 2023
Equity attributable to non-controlling interests		
TransAlta Cogeneration L.P.	**(67)**	(79)
Kent Hills Wind LP	**(49)**	(48)
	(116)	(127)
Non-controlling interests (per cent)		
TransAlta Cogeneration L.P.	**49.99**	49.99
Kent Hills Wind LP	**17.00**	17.00

8. Trade and Other Receivables and Accounts Payable

	June 30, 2024	Dec. 31, 2023
Trade accounts receivable	**456**	600
Collateral provided (Note 10)	**160**	145
Current portion of finance lease receivables (Note 11)	**21**	19
Loan receivable	**1**	1
Income taxes receivable	**21**	42
Trade and other receivables	**659**	807

	June 30, 2024	Dec. 31, 2023
Accounts payable and accrued liabilities	**474**	772
Interest payable	**16**	16
Collateral held (Note 10)	**46**	9
Accounts payable and accrued liabilities	**536**	797

9. Financial Instruments

A. Financial Assets and Liabilities — Classification and Measurement

Financial assets and financial liabilities are measured on an ongoing basis at cost, fair value or amortized cost.

B. Fair Value of Financial Instruments

I. Level I, II and III Fair Value Measurements

The Level I, II and III classifications in the fair value hierarchy utilized by the Company are defined below. The fair value measurement of a financial instrument is included in only one of the three levels, the determination of which is based on the lowest level input that is significant to the derivation of the fair value. The Level III classification is the lowest level classification in the fair value hierarchy.

a. Level I

Fair values are determined using inputs that are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.

b. Level II

Fair values are determined, directly or indirectly, using inputs that are observable for the asset or liability.

Fair values falling within the Level II category are determined through the use of quoted prices in active markets, which in some cases are adjusted for factors specific to the asset or liability, such as basis, credit valuation and location differentials.

The Company's commodity risk management Level II financial instruments include over-the-counter derivatives with values based on observable commodity futures curves and derivatives with inputs validated by broker quotes or other publicly available market data providers. Level II fair values are also determined using valuation techniques, such as option pricing models and interpolation formulas, where the inputs are readily observable.

In determining Level II fair values of other risk management assets and liabilities, the Company uses observable inputs other than unadjusted quoted prices that are observable for the asset or liability, such as interest rate yield curves and currency rates. For certain financial instruments where insufficient trading volume or lack of recent trades exists, the Company relies on similar interest or currency rate inputs and other third-party information such as credit spreads.

c. Level III

Fair values are determined using inputs for the assets or liabilities that are not readily observable.

For assets and liabilities that are recognized at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

There were no changes in the Company's valuation processes, valuation techniques and types of inputs used in the fair value measurements during the period. For additional information, please refer to Note 14 of the 2023 audited annual consolidated financial statements.

II. Commodity Risk Management Assets and Liabilities

Commodity risk management assets and liabilities include risk management assets and liabilities that are used in the energy marketing and generation segments in relation to trading activities and certain contracting activities. To the extent applicable, changes in net risk management assets and liabilities for non-hedge positions are reflected within earnings of these businesses.

Commodity risk management assets and liabilities classified by fair value levels as at June 30, 2024, are as follows: Level I – $9 million net liability (Dec. 31, 2023 – $13 million net liability), Level II – $99 million net liability (Dec. 31, 2023 – $244 million net liability) and Level III – $90 million net liability (Dec. 31, 2023 – $147 million net liability).

Significant changes in commodity net risk management assets (liabilities) during the six months ended June 30, 2024, are primarily attributable to contract settlements and volatility in market prices across multiple markets on both existing contracts and new contracts.

The following table summarizes the key factors impacting the fair value of the Level III commodity risk management assets and liabilities by classification during the six months ended June 30, 2024 and 2023, respectively:

	6 months ended June 30, 2024			6 months ended June 30, 2023		
	Hedge(1)	Non-hedge	Total	Hedge	Non-hedge	Total
Opening balance	—	(147)	(147)	(347)	(435)	(782)
Changes attributable to:						
Market price changes on existing contracts	—	63	63	(5)	146	141
Market price changes on new contracts	—	4	4	—	(35)	(35)
Contracts settled	—	(6)	(6)	116	172	288
Change in foreign exchange rates	—	(4)	(4)	8	4	12
Net risk management liabilities at end of period	—	(90)	(90)	(228)	(148)	(376)
Additional Level III information:						
Gains recognized in other comprehensive income	—	—	—	3	—	3
Total gains (losses) included in earnings before income taxes	—	63	63	(116)	115	(1)
Unrealized gains included in earnings before income taxes relating to net liabilities held at period end	—	57	57	—	287	287

(1) The Company has a long-term fixed price power sale contract in the US for delivery of power. The fair value of this instrument was transferred out of Level III to Level II as at Dec. 31, 2023 as the forward price curve is now based on observable market prices for the remaining duration of the contract.

As at June 30, 2024, the total Level III risk management asset balance was $120 million (Dec. 31, 2023 – $56 million) and Level III risk management liability balance was $210 million (Dec. 31, 2023 – $203 million). The net risk management liabilities decreased mainly due to volatility in market pricing across multiple markets.

The information on risk management contracts or groups of risk management contracts that are included in Level III measurements and the related unobservable inputs and sensitivities are outlined in the following table.

These include the effects on fair value of discounting, liquidity and credit value adjustments; however, the potential offsetting effects of Level II positions are not considered. Sensitivity ranges for the base fair values are determined using reasonably possible alternative assumptions for the key unobservable inputs, which may include forward commodity prices, volatility in commodity prices and correlations, delivery volumes, escalation rates and cost of supply.

Included in the Level III classification are several long-term wind energy sales, including contracts for differences and virtual power purchase agreements, that are recognized as derivatives for accounting purposes. The sensitivity reflects the potential impacts on the fair value of these long-term wind agreements. These long-term wind energy sales are backed by physical assets to effectively reduce our market risk.

As at		June 30, 2024		
Description	**Valuation technique**	**Unobservable input**	**Reasonably possible change**	**Sensitivity[1]**
Coal transportation – US	Numerical derivative valuation	Volatility	80% to 120%	**+2**
		Rail rate escalation	zero to 10%	**-3**
Long-term wind energy sale – Eastern US	Long-term price forecast	Illiquid future power prices (per MWh)	Price decrease or increase of US$6	**+39**
		Illiquid future REC prices (per unit)	Price decrease of US$12 or increase of US$8	
		Wind discounts	0% decrease or 6% increase	**-29**
Long-term wind energy sale – Canada	Long-term price forecast	Illiquid future power prices (per MWh)	Price decrease of C$73 or increase of C$5	**+67**
		Wind discounts	11% decrease or 5% increase	**-17**
Long-term wind energy sale - Central US	Long-term price forecast	Illiquid future power prices (per MWh)	Price decrease of US$2 or increase of US$10	**+43**
		Wind discounts	3% decrease or 7% increase	**-185**

(1) Sensitivity represents the total increase or decrease in recognized fair value that could arise from the use of the reasonably possible changes of all unobservable inputs.

As at		Dec. 31, 2023		
Description	**Valuation technique**	**Unobservable input**	**Reasonably possible change**	**Sensitivity[1]**
Coal transportation – US	Numerical derivative valuation	Volatility	80% to 120%	+6
		Rail rate escalation	zero to 10%	-4
Long-term wind energy sale – Eastern US	Long-term price forecast	Illiquid future power prices (per MWh)	Price decrease or increase of US$6	+24
		Illiquid future REC prices (per unit)	Price decrease of US$12 or increase of US$8	
		Wind discounts	0% decrease or 9% increase	-28
Long-term wind energy sale – Canada	Long-term price forecast	Illiquid future power prices (per MWh)	Price decrease of C$81 or increase of C$5	+65
		Wind discounts	16% decrease or 5% increase	-23
Long-term wind energy sale – Central US	Long-term price forecast	Illiquid future power prices (per MWh)	Price decrease US$1 or increase of US$2	+81
		Wind discounts	5% decrease or 2% increase	-36

(1) Sensitivity represents the total increase or decrease in recognized fair value that would arise from the use of the reasonably possible changes of all unobservable inputs.

a. Coal Transportation – US

The Company has a coal rail transport agreement that includes an upside sharing mechanism until Dec. 31, 2025. Option pricing techniques have been utilized to value the obligation associated with this component of the agreement.

b. Long-Term Wind Energy Sale – Eastern US

The Company is party to a long-term contract for differences ("CFD") for the offtake of 100 per cent of the generation from its 90 MW Big Level wind facility. The CFD, together with the sale of electricity generated into the PJM Interconnection at the prevailing real-time energy market price, achieve the fixed contract price per MWh on proxy generation. Under the CFD, if the market price is lower than the fixed contract price, the customer pays the Company the difference and if the market price is higher than the fixed contract price, the Company refunds the difference to the customer. The customer is also entitled to the physical delivery of environmental attributes. The contract matures in December 2034. The contract is accounted for as a derivative. Changes in fair value are presented in revenue.

c. Long-Term Wind Energy Sale – Canada

The Company is party to two Virtual Power Purchase Agreements ("VPPAs") for the offtake of 100 per cent of the generation from its 130 MW Garden Plain wind facility. The VPPAs, together with the sale of electricity generated into the Alberta power market at the pool price, achieve the fixed contract prices per MWh. Under the VPPAs, if the pool price is lower than the fixed contract price the customer pays the Company the difference and if the pool price is higher than the fixed contract price the Company refunds the difference to the customer. The customers are also entitled to the physical delivery of environmental attributes. Both VPPAs commenced on commercial operation of the facility which was achieved in August 2023, and extend for a weighted average of approximately 17 years.

The energy components of these contracts are accounted for as derivatives. Changes in fair value are presented in revenue.

d. Long-Term Wind Energy Sale – Central US

The Company is party to two long-term VPPAs for the offtake of 100 per cent of the generation from its 300 MW White Rock East and White Rock West wind power projects. The VPPAs, together with the sale of electricity generated into the US Southwest Power Pool ("SPP") market at the relevant price nodes, achieve the fixed contract prices per MWh. Under the VPPAs, if the SPP pricing is lower than the fixed contract price the customer pays the Company the difference, and if the SPP pricing is higher than the fixed contract price, the Company refunds the difference to the customer. The customer is also entitled to the physical delivery of environmental attributes. The VPPAs commenced on commercial operation of the facilities which was achieved on Jan. 1, 2024 for White Rock West and April 22, 2024 for White Rock East.

The Company is also party to a VPPA for the offtake of 100 per cent of the generation from its 200 MW Horizon Hill wind power project. The VPPA, together with the sale of electricity generated into the SPP market at the relevant price node, achieve the fixed contract price per MWh. Under the VPPA, if the SPP pricing is lower than the fixed contract price, the customer pays the Company the difference and if the SPP pricing is higher than the fixed contract price, the Company refunds the difference to the customer. The customer is also entitled to the physical delivery of environmental attributes. The VPPA commenced on commercial operation of the facility which was achieved on May 21, 2024.

The energy components of these contracts are accounted for as derivatives. Changes in fair value are presented in revenue.

III. Other Risk Management Assets and Liabilities

Other risk management assets and liabilities primarily include risk management assets and liabilities that are used in managing exposures on non-energy marketing transactions such as interest rates, the net investment in foreign operations and other foreign currency risks. Hedge accounting is not always applied.

Other risk management assets and liabilities with a total net liability fair value of $4 million as at June 30, 2024 (Dec. 31, 2023 – $19 million net asset) are classified as Level II fair value measurements.

IV. Other Financial Assets and Liabilities

The fair value of financial assets and liabilities measured at other than fair value is as follows:

	Fair value(1)		Total carrying value(1)
	Level II	Total	
Exchangeable Securities — June 30, 2024	**723**	**723**	**747**
Long-term debt — June 30, 2024	**3,042**	**3,042**	**3,300**
Loan receivable — June 30, 2024	**24**	**24**	**24**
Exchangeable Securities — Dec. 31, 2023	718	718	744
Long-term debt — Dec. 31, 2023	3,104	3,104	3,323
Loan receivable — Dec. 31, 2023	26	26	26

(1) Includes current portion.

The fair values of the Company's debentures, senior notes and exchangeable securities are determined using prices observed in secondary markets. Non-recourse and other long-term debt fair values are determined by calculating an implied price based on a current assessment of the yield to maturity.

The carrying amount of other short-term financial assets and liabilities (cash and cash equivalents, restricted cash, trade accounts receivable, collateral provided, bank overdraft, accounts payable and accrued liabilities, collateral held and dividends payable) approximates fair value due to the liquid nature of the asset or liability. The fair values of the finance lease receivables approximate the carrying amounts as the amounts receivable represent cash flows from repayments of principal and interest.

C. Inception Gains and Losses

The majority of derivatives traded by the Company are based on adjusted quoted prices on an active exchange or extend beyond the time period for which exchange-based quotes are available. The fair values of these derivatives are determined using inputs that are not readily observable. Refer to section B of this Note 9 above for the fair value Level III valuation techniques used. In some instances, a difference may arise between the fair value of a financial instrument at initial recognition (the "transaction price") and the amount calculated through a valuation model. This unrealized gain or loss at inception is recognized in net earnings (loss) only if the fair value of the instrument is evidenced by a quoted market price in an active market, observable current market transactions are identified that are substantially the same, or a valuation technique is identified that uses observable market inputs. Where these criteria are not met, the difference is deferred on the condensed consolidated statements of financial position in risk management assets or liabilities and is recognized in net earnings (loss) over the term of the related contract. The difference between the transaction price and the fair value determined using a valuation model, yet to be recognized in net earnings (loss) and a reconciliation of changes is as follows:

6 months ended June 30, 2024	2024	2023
Unamortized net gain (loss) at beginning of period	**3**	(213)
New inception gains	**17**	5
Change resulting from amended contract	**2**	32
Change in foreign exchange rates	**(1)**	5
Amortization recorded in net earnings during the period	**(4)**	(12)
Unamortized net gain (loss) at end of period	**17**	(183)

10. Risk Management Activities

A. Risk Management Strategy

The Company is exposed to market risk from changes in commodity prices, foreign exchange rates, interest rates, credit risk and liquidity risk. These risks affect the Company's earnings and the value of associated financial instruments that the Company holds. In certain cases, the Company seeks to minimize the effects of these risks by using derivatives to hedge its risk exposures. The Company's risk management strategy, policies and controls are designed to ensure that the risks it assumes comply with the Company's internal objectives and its risk tolerance. For additional information on the Company's Risk Management Activities please refer to Note 15 of the 2023 audited annual consolidated financial statements.

B. Net Risk Management Assets and Liabilities

Aggregate net risk management assets (liabilities) are as follows:

As at June 30, 2024

	Cash flow hedges	Not designated as a hedge	Total
Commodity risk management			
Current	**(54)**	**19**	**(35)**
Long-term	**(56)**	**(107)**	**(163)**
Net commodity risk management liabilities	**(110)**	**(88)**	**(198)**
Other			
Current	**—**	**(2)**	**(2)**
Long-term	**—**	**(2)**	**(2)**
Net other risk management liabilities	**—**	**(4)**	**(4)**
Total net risk management liabilities	**(110)**	**(92)**	**(202)**

As at Dec. 31, 2023

	Cash flow hedges	Not designated as a hedge	Total
Commodity risk management			
Current	(125)	(53)	(178)
Long-term	(80)	(146)	(226)
Net commodity risk management liabilities	(205)	(199)	(404)
Other			
Current	—	15	15
Long-term	—	4	4
Net other risk management assets	—	19	19
Total net risk management liabilities	(205)	(180)	(385)

C. Nature and Extent of Risks Arising from Financial Instruments

I. Market Risk

i. Commodity Price Risk Management – Proprietary Trading

The Company's Energy Marketing segment conducts proprietary trading activities and uses a variety of instruments to manage risk, earn trading revenue and gain market information.

A Value at Risk ("VaR") measure gives, for a specific confidence level, an estimated maximum pre-tax loss that could be incurred over a specified period of time. VaR is used to determine the potential change in value of the Company's proprietary trading portfolio, over a three-day period within a 95 per cent confidence level, resulting from normal market fluctuations. Changes in market prices associated with proprietary trading activities affect net earnings in the period that the price changes occur. VaR at June 30, 2024, associated with the Company's proprietary trading activities was $2 million (Dec. 31, 2023 – $4 million).

ii. Commodity Price Risk – Generation

The generation segments utilize various commodity contracts to manage the commodity price risk associated with electricity generation, fuel purchases, emissions and byproducts, as considered appropriate. A Commodity Exposure Management Policy is prepared and approved annually, which outlines the intended hedging strategies associated with the Company's generation assets and related commodity price risks. Controls also include restrictions on authorized instruments, management reviews on individual portfolios and approval of asset transactions that could add potential volatility to the Company's reported net earnings.

VaR at June 30, 2024, associated with the Company's commodity derivative instruments used in generation hedging activities was $19 million (Dec. 31, 2023 – $23 million). For positions and economic hedges that do not meet hedge accounting requirements or for short-term optimization transactions such as buybacks entered into to offset existing hedge positions, these transactions are marked to the market value with changes in market prices associated with these transactions affecting net earnings in the period in which the price change occurs. VaR at June 30, 2024, associated with these transactions was $8 million (Dec. 31, 2023 – $16 million). For the market risk related to long-term wind energy sales, which are backed by physical assets to effectively reduce our market risk, refer to the Level III measurements table and the related unobservable inputs and sensitivities in Note 9(B)(II).

II. Credit Risk

The Company uses external credit ratings, as well as internal ratings in circumstances where external ratings are not available, to establish credit limits for customers and counterparties. The following table outlines the Company's maximum exposure to credit risk without taking into account collateral held, including the distribution of credit ratings, as at June 30, 2024:

	Investment grade (per cent)	Non-investment grade (per cent)	Total (per cent)	Total amount
Trade and other receivables[1]	90	10	100	**659**
Long-term finance lease receivable	100	—	100	**209**
Risk management assets[1]	68	32	100	**327**
Loans receivable[2]	—	100	100	**24**
Total				**1,219**

(1) Letters of credit and cash and cash equivalents are the primary types of collateral held as security related to these amounts.

(2) Includes $24 million loans receivable included within other assets with counterparties that have no external credit rating.

The Company did not have material expected credit losses as at June 30, 2024. The Company's maximum exposure to credit risk at June 30, 2024, without taking into account collateral held or right of set-off, is represented by the current carrying amounts of receivables and risk management assets as per the condensed consolidated statements of financial position. Letters of credit and cash are the primary types of collateral held as security related to these amounts. The maximum credit exposure to any one customer for commodity trading operations and hedging, including the fair value of open trading, net of any collateral held, at June 30, 2024, was $47 million (Dec. 31, 2023 – $23 million).

III. Liquidity Risk

The Company has sufficient existing liquidity available to meet its upcoming debt maturities. The next major debt repayment is scheduled for September 2025. Our highly diversified asset portfolio, by both fuel type and operating region, and our long-term contracted asset base provide stability in our cash flows.

Liquidity risk relates to the Company's ability to access capital to be used for capital projects, debt refinancing, proprietary trading activities, commodity hedging and general corporate purposes.

A maturity analysis of the Company's financial liabilities is as follows:

	2024	2025	2026	2027	2028	2029 and thereafter	Total
Bank overdraft	1	—	—	—	—	—	1
Accounts payable and accrued liabilities	536	—	—	—	—	—	536
Long-term debt(1)	59	541	143	152	165	2,279	3,339
Exchangeable Securities(2)	—	—	—	—	—	750	750
Commodity risk management liabilities	31	78	1	6	9	73	198
Other risk management liabilities	—	2	1	1	—	—	4
Lease liabilities	2	4	4	4	4	126	144
Interest on long-term debt and lease liabilities(3)	102	191	164	156	149	766	1,528
Interest on exchangeable securities(2)(3)	26	53	53	53	53	12	250
Dividends payable	18	—	—	—	—	—	18
Total	**775**	**869**	**366**	**372**	**380**	**4,006**	**6,768**

(1) Excludes impact of hedge accounting and derivatives.

(2) Cash payment may occur after Dec. 31, 2028 if the Exchangeable Securities are not exchanged by Brookfield. TransAlta has the right after Dec. 31, 2028, to redeem for cash all or any portion of the Exchangeable Securities for the original subscription price, plus any accrued but unpaid interest or dividends payable, provided the minimum proceeds to Brookfield for each redemption (other than the final redemption) is not less than $100 million and provided all exchangeable securities must be redeemed within 36 months of the first optional redemption. The Exchangeable Securities are classified as current as they can be exchanged at Brookfield's option, at the earliest, on Jan. 1, 2025, although there is no obligation to deliver cash equivalent resources and the holder cannot call for repayment. Refer to Note 2 for more details.

(3) Not recognized as a financial liability on the condensed consolidated statements of financial position.

D. Collateral

I. Financial Assets Provided as Collateral

At June 30, 2024, the Company provided $160 million (Dec. 31, 2023 – $145 million) in cash and cash equivalents as collateral to regulated clearing agents as security for commodity trading activities. These funds are held in segregated accounts by the clearing agents. Collateral provided is included within trade and other receivables in the condensed consolidated statements of financial position. At June 30, 2024, the Company provided $20 million (Dec. 31, 2023 - $19 million) in surety bonds as security for commodity trading activities.

II. Financial Assets Held as Collateral

At June 30, 2024, the Company held $46 million (Dec. 31, 2023 – $9 million) in cash collateral associated with counterparty obligations. Under the terms of the contracts, the Company may be obligated to pay interest on the outstanding balances and to return the principal when the counterparties have met their contractual obligations or when the amount of the obligation declines as a result of changes in market value. Interest payable to the counterparties on the collateral received is calculated in accordance with each contract. Collateral held is related to physical and financial derivative transactions in a net asset position and is included in accounts payable and accrued liabilities in the condensed consolidated statements of financial position.

III. Contingent Features in Derivative Instruments

Collateral is posted in the normal course of business based on the Company's senior unsecured credit rating as determined by certain major credit rating agencies. Certain of the Company's derivative instruments contain financial assurance provisions that require collateral to be posted only if a material adverse credit-related event occurs.

At June 30, 2024, the Company had posted collateral of $512 million (Dec. 31, 2023 – $392 million) in the form of letters of credit on physical and financial derivative transactions in a net liability position. Certain derivative agreements contain credit-risk-contingent features, which if triggered could result in the Company having to post an additional $130 million (Dec. 31, 2023 – $154 million) of collateral to its counterparties.

11. Finance Lease Receivables

Amounts receivable under the Company's finance leases include the Mount Keith 132kV expansion (2024), Northern Goldfields solar facilities (2024 and 2023), the Poplar Creek cogeneration facility (2024 and 2023), and are as follows:

	June 30, 2024		Dec. 31, 2023	
As at	Minimum lease receipts	Present value of minimum lease receipts	Minimum lease receipts	Present value of minimum lease receipts
Within one year	**35**	**34**	28	28
Second to fifth years inclusive	**137**	**117**	112	98
More than five years	**163**	**79**	117	64
	335	**230**	257	190
Less: unearned finance lease income	**105**	**—**	67	—
Total finance lease receivables	**230**	**230**	190	190

Included in the condensed consolidated statements of financial position as:	June 30, 2024	Dec. 31, 2023
Current portion of finance lease receivables (Note 8)	**21**	19
Long-term portion of finance lease receivables	**209**	171
Total finance lease receivables	**230**	190

In the first quarter of 2024, the Mount Keith 132kV expansion was completed. As a result, the Company derecognized assets under construction and recognized a finance lease receivable of $48 million.

12. Property, Plant and Equipment

During the three and six months ended June 30, 2024, the Company had additions of $58 million and $126 million, respectively, mainly related to assets under construction for the White Rock wind and the Horizon Hill wind projects, which were commissioned in the first and second quarters of 2024, and planned major maintenance. As outlined in Note 11, $48 million related to the Mount Keith 132kV expansion was derecognized from assets under construction and recognized as a finance lease receivable in the first quarter of 2024.

During the three and six months ended June 30, 2024, the Company capitalized $2 million and $16 million, respectively, (June 30, 2023 – $13 million and $26 million, respectively) of interest to property, plant and equipment at a weighted average rate of 6.5 per cent (June 30, 2023 – 6.2 per cent).

13. Credit Facilities, Long-Term Debt and Lease Liabilities

A. Amounts Outstanding Related to Credit Facilities

The Company's credit facilities are summarized in the table below:

As at June 30, 2024		Utilized			
Credit Facilities	**Facility size**	**Outstanding letters of credit(1)**	**Cash drawings**	**Available capacity**	**Maturity date**
Committed					
Syndicated credit facility	1,950	460	—	1,490	Q2 2028
Bilateral credit facilities	240	177	—	63	Q2 2026
Term Facility	400	—	400	—	Q3 2025
Total Committed	**2,590**	**637**	**400**	**1,553**	
Non-Committed					
Demand facilities	400	202	—	198	N/A
Total Non-Committed	**400**	**202**	**—**	**198**	

(1) TransAlta has obligations to issue letters of credit and cash collateral to secure potential liabilities to certain parties, including those related to potential environmental obligations, commodity risk management and hedging activities, pension plan obligations, construction projects and purchase obligations. Letters of credit drawn against the non-committed facilities reduce the available capacity under the committed syndicated credit facilities. At June 30, 2024, TransAlta provided cash collateral of $160 million.

In the second quarter of 2024, the Term Facility of $400 million was renewed with the maturity extended by one year to September 2025. The syndicated credit facility and bilateral credit facilities were also extended by one year to June 2028 and June 2026, respectively.

The credit facilities are the primary source of short-term liquidity after the cash flow generated from the Company's business. The Company is in compliance with the terms of the credit facilities and all undrawn amounts are fully available. Letters of credit in the amount of $202 million were issued from non-committed demand facilities; these obligations are backstopped and reduced the available capacity on the committed credit facilities. In addition to the net $1.4 billion of committed capacity available under the credit facilities, the Company had $350 million of available cash and cash equivalents, net of bank overdraft.

TransAlta's debt has terms and conditions, including financial covenants, that are considered normal and customary. As at June 30, 2024, the Company was in compliance with all debt covenants.

B. Restrictions Related to Non-Recourse Debt and Other Debt

The Melancthon Wolfe Wind LP, Pingston Power Inc., TAPC Holdings LP, New Richmond Wind LP, Kent Hills Wind LP, Windrise Wind LP, TEC Hedland Pty Ltd non-recourse bonds and the TransAlta OCP LP bond, with a total carrying value of $1.6 billion as at June 30, 2024 (Dec. 31, 2023 – $1.7 billion) are subject to customary financing conditions and covenants that may restrict the Company's ability to access funds generated by the facilities' operations. Upon meeting certain distribution tests, typically performed once per quarter, the funds are able to be distributed by the subsidiary entities to their respective parent entity. These conditions include meeting a debt service coverage ratio prior to distribution, which was met by these entities in the second quarter of 2024, with the exception of Kent Hills Wind LP and Windrise Wind LP. The funds in the entities will remain restricted until the next debt service coverage test can be performed in the third quarter of 2024. At June 30, 2024, cash of $63 million (Dec. 31, 2023 – $79 million) was subject to these financial restrictions.

At June 30, 2024, funds of $6 million (AU$7 million) were held by TEC Hedland Pty Ltd and were not accessible by other corporate entities, as the funds must be solely used by the project entities for the purpose of paying major maintenance costs.

C. Restricted Cash

As at June 30, 2024, the Company had nil (Dec. 31, 2023 – $17 million) of restricted cash related to the TransAlta OCP bonds, which was required to be held in a debt service reserve account to fund scheduled future debt repayments. The Company also had restricted cash of $42 million (Dec. 31, 2023 – $52 million) related to the TEC Hedland Pty Ltd bond. These cash reserves are required to be held under commercial arrangements and for debt service, which may be replaced by letters of credit in the future. Additionally, certain non-recourse bonds require that certain reserve accounts be established and funded through cash held on deposit and/or by providing letters of credit.

14. Common Shares

A. Issued and Outstanding

TransAlta is authorized to issue an unlimited number of voting common shares without nominal or par value.

	2024		2023	
6 months ended June 30	**Common shares (millions)**	**Amount**	**Common shares (millions)**	**Amount**
Issued and outstanding, beginning of period	**306.9**	**3,285**	268.1	2,863
Reversal (provision) for repurchase of common shares under ASPP	**1.7**	**19**	—	—
Purchased and cancelled under the NCIB[(1)(2)]	**(9.5)**	**(104)**	(6.1)	(65)
Share-based payment plans	**0.8**	**9**	0.8	6
Stock options exercised	**0.7**	**4**	0.6	4
Issued and outstanding, end of period, prior to ASPP	**300.6**	**3,213**	263.4	2,808
Provision for repurchase of common shares under ASPP	**(2.5)**	**(24)**	—	—
Issued and outstanding, end of period	**298.1**	**3,189**	263.4	2,808

(1) The six months ended June 30, 2024, includes $2 million of tax on share buybacks (June 30, 2023 - nil) on the fair value of the shares repurchased.

(2) Shares purchased by the Corporation under the NCIB (as defined below) are recognized as a reduction to share capital equal to the average carrying value of the common shares. Any difference between the aggregate purchase price and the average carrying value of the common shares is recorded in retained earnings (deficit).

B. Normal Course Issuer Bid ("NCIB") Program

The effects of the Company's purchase and cancellation of common shares during the period are as follows:

6 months ended June 30	**2024**	**2023**
Total shares purchased[(1)]	**9,537,200**	6,112,900
Average purchase price per share[(2)]	**9.54**	11.62
Total cost (millions)[(2)]	**91**	71
Book value of shares cancelled[(2)]	**104**	65
Amount recorded in deficit	**13**	(6)

(1) The six months ended June 30, 2024 include 100,000 shares (June 30, 2023 - nil shares) that were repurchased but were not cancelled due to timing differences between the transaction date and settlement date. As a result, $1 million (2023 - nil) was paid subsequent to period end.

(2) The six months ended June 30, 2024, includes $2 million of tax on share buybacks (June 30, 2023 - nil) on the fair value of the shares repurchased.

On June 21, 2024, the Company entered into an Automatic Share Purchase Plan ("ASPP") with its broker in order to facilitate repurchases of its common shares under the NCIB during the second quarter blackout period through to the end of the ASPP. On May 27, 2024, the Company announced that it had received approval from the Toronto Stock Exchange to repurchase up to a maximum of 14 million common shares during the 12-month period that commenced May 31, 2024 and terminates May 30, 2025. Any common shares purchased under the NCIB will be cancelled. The Company has recognized a provision of $24 million for the repurchase of 2.5 million common shares under the ASPP within accounts payable and accrued liabilities as at June 30, 2024, as an estimate of the maximum number of shares that could be repurchased during the blackout period.

C. Dividends

On July 29, 2024, the Company declared a quarterly dividend of $0.06 per common share, payable on Oct. 1, 2024.

There have been no other transactions involving common shares between the reporting date and the date of completion of these condensed consolidated financial statements.

15. Preferred Shares

A. Issued and Outstanding

All preferred shares issued and outstanding are non-voting cumulative redeemable fixed or floating rate first preferred shares.

	June 30, 2024		Dec. 31, 2023	
Series[1]	**Number of shares (millions)**	**Amount**	**Number of shares (millions)**	**Amount**
Series A	**9.6**	**235**	9.6	235
Series B	**2.4**	**58**	2.4	58
Series C	**10.0**	**243**	10.0	243
Series D	**1.0**	**26**	1.0	26
Series E	**9.0**	**219**	9.0	219
Series G	**6.6**	**161**	6.6	161
Issued and outstanding, end of period	**38.6**	**942**	38.6	942

(1) The Series I Preferred Shares are accounted for as long-term debt and the exchangeable preferred share dividends are reported as interest expense.

B. Dividends

On July 29, 2024, the Company declared a quarterly dividend of $0.17981 per share on the Series A preferred shares, $0.43373 per share on the Series B preferred shares, $0.36588 per share on the Series C preferred shares, $0.50097 per share on the Series D preferred shares, $0.43088 per share on the Series E preferred shares and $0.31175 per share on the Series G preferred shares, payable on Sept. 30, 2024.

16. Commitments and Contingencies

Commitments

The Company has not incurred any additional contractual commitments in the six months ended June 30, 2024, either directly or through its interests in joint operations and joint ventures. Refer to the commitments disclosed elsewhere in the financial statements and those in Note 36 of the 2023 audited annual consolidated financial statements.

Natural Gas Transportation Contracts

The Company has natural gas transportation contracts, which include 15-year natural gas transportation agreements for a total of up to 400 terajoules ("TJ") per day on a firm basis, related to the Sundance and Keephills facilities, ending in 2036 to 2038. The Company is currently utilizing 200 TJ per day on average, and up to 350 TJ per day during peak demand periods, and also remarkets a portion of the excess capacity. In addition, there is an eight-year natural gas transportation agreements for 75 TJ per day on a firm basis, related to the Sheerness facility, ending in 2030 to 2031.

Contingencies

TransAlta is occasionally named as a party in various claims and legal and regulatory proceedings that arise during the normal course of its business. The Company reviews each of these claims, including the nature of the claim, the amount in dispute or claimed and the availability of insurance coverage. There can be no assurance that any particular claim will be resolved in the Company’s favour or that such claims may not have a material adverse effect on TransAlta. Inquiries from regulatory bodies may also arise in the normal course of business, to which the Company responds as required. For the current material outstanding contingencies, please refer to Note 36 of the 2023 audited annual consolidated financial statements. There were no material changes to the contingencies in the six months ended June 30, 2024.

17. Segment Disclosures

A. Description of Reportable Segments

The following tables provides each segment's results in the format that the TransAlta’s President and Chief Executive Officer (the chief operating decision maker) ("CODM"), reviews the Company's segments to make operating decisions and assess performance. The tables below show the reconciliation of the total segmented results and adjusted EBITDA to the statement of earnings reported under IFRS.

For internal reporting purpose, the earnings information from the Company's investment in Skookumchuck has been presented in the Wind and Solar segment on a proportionate basis. Information on a proportionate basis reflects the Company's share of Skookumchuck's statement of earnings on a line-by-line basis. Proportionate financial information is not and is not intended to be, presented in accordance with IFRS. Under IFRS, the investment in Skookumchuck has been accounted for as a joint venture using the equity method.

B. Reported Adjusted Segment Earnings and Segment Assets

Reconciliation of Adjusted EBITDA to Earnings before Income Tax

3 months ended June 30, 2024	Hydro	Wind & Solar[1]	Gas	Energy Transition	Energy Marketing	Corporate	Total	Equity-accounted investments[1]	Reclass adjustments	IFRS financials
Revenues	99	112	284	79	47	(34)	587	(5)	—	582
Reclassifications and adjustments:										
Unrealized mark-to-market (gain) loss	1	8	10	(14)	1	—	6	—	(6)	—
Realized gain (loss) on closed exchange positions	—	—	3	1	(9)	—	(5)	—	5	—
Decrease in finance lease receivable	—	—	5	—	—	—	5	—	(5)	—
Finance lease income	—	2	2	—	—	—	4	—	(4)	—
Unrealized foreign exchange gain on commodity	—	—	(1)	—	—	—	(1)	—	1	—
Adjusted revenues	100	122	303	66	39	(34)	596	(5)	(9)	582
Fuel and purchased power	3	8	97	46	—	—	154	—	—	154
Reclassifications and adjustments:										
Australian interest income	—	—	(1)	—	—	—	(1)	—	1	—
Adjusted fuel and purchased power	3	8	96	46	—	—	153	—	1	154
Carbon compliance	—	—	26	—	—	(34)	(8)	—	—	(8)
Gross margin	97	114	181	20	39	—	451	(5)	(10)	436
OM&A	13	24	42	15	9	42	145	(1)	—	144
Reclassifications and adjustments:										
Acquisition and integration costs	—	—	—	—	—	(4)	(4)	—	4	—
Adjusted OM&A	13	24	42	15	9	38	141	(1)	4	144
Taxes, other than income taxes	1	4	3	2	—	—	10	(1)	—	9
Net other operating income	—	(2)	(10)	—	—	—	(12)	—	—	(12)
Adjusted EBITDA[2]	83	88	146	3	30	(38)	312			
Equity income										3
Finance lease income										4
Depreciation and amortization										(131)
Asset impairment charges										(5)
Interest income										8
Interest expense										(80)
Foreign exchange loss										(1)
Gain on sale of assets and other										1
Earnings before income taxes										94

(1) The Skookumchuck wind facility has been included on a proportionate basis in the Wind and Solar segment.

(2) Adjusted EBITDA is not defined and has no standardized meaning under IFRS.

3 months ended June 30, 2023	Hydro	Wind & Solar[1]	Gas	Energy Transition	Energy Marketing	Corporate	Total	Equity-accounted investments[1]	Reclass adjustments	IFRS financials
Revenues	168	86	251	121	3	1	630	(5)	—	625
Reclassifications and adjustments:										
Unrealized mark-to-market (gain) loss	(1)	(8)	56	(3)	93	—	137	—	(137)	—
Realized loss on closed exchange positions	—	—	(4)	—	(48)	—	(52)	—	52	—
Decrease in finance lease receivable	—	—	13	—	—	—	13	—	(13)	—
Finance lease income	—	—	4	—	—	—	4	—	(4)	—
Unrealized foreign exchange loss on commodity	—	—	—	—	1	—	1	—	(1)	—
Adjusted revenues	167	78	320	118	49	1	733	(5)	(103)	625
Fuel and purchased power	5	7	85	90	—	1	188	—	—	188
Reclassifications and adjustments:										
Australian interest income	—	—	(1)	—	—	—	(1)	—	1	—
Adjusted fuel and purchased power	5	7	84	90	—	1	187	—	1	188
Carbon compliance	—	—	25	—	—	—	25	—	—	25
Gross margin	162	71	211	28	49	—	521	(5)	(104)	412
OM&A	14	18	50	14	6	32	134	—	—	134
Taxes, other than income taxes	1	4	4	1	—	—	10	(1)	—	9
Net other operating income	—	(1)	(9)	—	—	—	(10)	—	—	(10)
Adjusted EBITDA[2]	147	50	166	13	43	(32)	387			
Equity income										(1)
Finance lease income										4
Depreciation and amortization										(173)
Asset impairment reversals										13
Interest income										16
Interest expense										(72)
Foreign exchange gain										8
Gain on sale of assets and other										5
Earnings before income taxes										79

(1) The Skookumchuck wind facility has been included on a proportionate basis in the Wind and Solar segment.

(2) Adjusted EBITDA is not defined and has no standardized meaning under IFRS.

6 months ended June 30, 2024	Hydro	Wind & Solar[1]	Gas	Energy Transition	Energy Marketing	Corporate	Total	Equity-accounted investments[1]	Reclass adjustments	IFRS financials
Revenues	211	251	717	296	99	(34)	1,540	(11)	—	1,529
Reclassifications and adjustments:										
Unrealized mark-to-market gain	(4)	(13)	(81)	(20)	(2)	—	(120)	—	120	—
Realized gain (loss) on closed exchange positions	—	—	11	—	(28)	—	(17)	—	17	—
Decrease in finance lease receivable	—	1	9	—	—	—	10	—	(10)	—
Finance lease income	—	3	3	—	—	—	6	—	(6)	—
Unrealized foreign exchange gain on commodity	—	—	(2)	—	—	—	(2)	—	2	—
Adjusted revenues	207	242	657	276	69	(34)	1,417	(11)	123	1,529
Fuel and purchased power	9	17	239	212	—	—	477	—	—	477
Reclassifications and adjustments:										
Australian interest income	—	—	(2)	—	—	—	(2)	—	2	—
Adjusted fuel and purchased power	9	17	237	212	—	—	475	—	2	477
Carbon compliance	—	—	66	—	—	(34)	32	—	—	32
Gross margin	198	225	354	64	69	—	910	(11)	121	1,020
OM&A	26	44	88	33	19	70	280	(2)	—	278
Reclassifications and adjustments:										
Acquisition and integration costs	—	—	—	—	—	(7)	(7)	—	7	—
Adjusted OM&A	26	44	88	33	19	63	273	(2)	7	278
Taxes, other than income taxes	2	8	6	2	—	—	18	(1)	—	17
Net other operating income	—	(4)	(20)	—	—	—	(24)	—	—	(24)
Adjusted EBITDA[2]	170	177	280	29	50	(63)	643			
Equity income										4
Finance lease income										6
Depreciation and amortization										(255)
Asset impairment charges										(6)
Interest income										15
Interest expense										(149)
Foreign exchange loss										(6)
Gain on sale of assets and other										3
Earnings before income taxes										361

(1) The Skookumchuck wind facility has been included on a proportionate basis in the Wind and Solar segment.

(2) Adjusted EBITDA is not defined and has no standardized meaning under IFRS.

6 months ended June 30, 2023	Hydro	Wind & Solar[1]	Gas	Energy Transition	Energy Marketing	Corporate	Total	Equity-accounted investments[1]	Reclass adjustments	IFRS financials
Revenues	293	201	746	388	95	1	1,724	(10)	—	1,714
Reclassifications and adjustments:										
Unrealized mark-to-market (gain) loss	(2)	(8)	(8)	(17)	109	—	74	—	(74)	—
Realized loss on closed exchange positions	—	—	(17)	—	(103)	—	(120)	—	120	—
Decrease in finance lease receivable	—	—	26	—	—	—	26	—	(26)	—
Finance lease income	—	—	8	—	—	—	8	—	(8)	—
Unrealized foreign exchange loss on commodity	—	—	—	—	1	—	1	—	(1)	—
Adjusted revenues	291	193	755	371	102	1	1,713	(10)	11	1,714
Fuel and purchased power	10	16	215	271	—	1	513	—	—	513
Reclassifications and adjustments:										
Australian interest income	—	—	(2)	—	—	—	(2)	—	2	—
Adjusted fuel and purchased power	10	16	213	271	—	1	511	—	2	513
Carbon compliance	—	—	57	—	—	—	57	—	—	57
Gross margin	281	177	485	100	102	—	1,145	(10)	9	1,144
OM&A	26	35	91	31	20	56	259	(1)	—	258
Taxes, other than income taxes	2	7	8	2	—	—	19	(1)	—	18
Net other operating income	—	(3)	(20)	—	—	—	(23)	—	—	(23)
Adjusted EBITDA[2]	253	138	406	67	82	(56)	890			
Equity income										1
Finance lease income										8
Depreciation and amortization										(349)
Asset impairment reversals										16
Interest income										31
Interest expense										(146)
Foreign exchange gain										5
Gain on sale of assets and other										5
Earnings before income taxes										462

(1) The Skookumchuck wind facility has been included on a proportionate basis in the Wind and Solar segment.

(2) Adjusted EBITDA is not defined and has no standardized meaning under IFRS.

18. Related-Party Transactions

Transactions with Associates

In connection with the Exchangeable Securities issued to Brookfield, the Investment Agreement entitles Brookfield to nominate two directors to the TransAlta Board. This allows Brookfield to participate in the financial and operating policy decisions of the Company and, as such, they are considered associates of the Company.

The Company may, in the normal course of operations, enter into transactions on market terms with associates that have been measured at exchange value and recognized in the condensed consolidated financial statements, including power purchase and sale agreements, derivative contracts and asset management fees. Transactions and balances between the Company and associates do not eliminate. Refer to Note 25 and 35 of the 2023 audited annual consolidated financial statements.

Transactions with Brookfield include the following:

	3 months ended June 30		6 months ended June 30	
	2024	2023	**2024**	2023
Power sales	**10**	30	**31**	72