



**CANACCORD FINANCIAL INC. EXECUTES DEFINITIVE AGREEMENT
TO ACQUIRE A 50% EQUITY INTEREST IN BGF EQUITIES TO FORM
CANACCORD BGF**

Strategic expansion into Australia and Hong Kong

TORONTO, July 31, 2011 – Canaccord Financial Inc. (“Canaccord”, TSX: CF, AIM: CF.) is pleased to announce that it has formed a partnership with BGF Equities (“BGF”) that will result in an expansion of its operations into Australia and Hong Kong.

The partnership entails the acquisition of a 50% equity interest in BGF Capital Group Pty Ltd (commonly known as BGF Equities), one of the fastest growing boutique equities advisory firms in Australia, with 40 employees and offices in Melbourne, Sydney and Hong Kong. The transaction is expected to close in the calendar fourth quarter, at which point BGF Equities will be re-branded Canaccord BGF. The agreement also provides Canaccord with a call option to acquire the remaining 50% equity interest of BGF in five years.

This important expansion positions Canaccord well to leverage its expertise in the mining, energy and industrial sectors within Australia’s robust resource economy, and provides Canaccord with the capabilities to list companies on the Australian and Hong Kong stock exchanges.

The new combined business will benefit from Canaccord’s global operations and distribution, and will provide an expanded offering of investment banking, sales and trading, research and wealth management services to corporate, institutional and private clients in the Asia-Pacific region.

“We are pleased to welcome our new partners from BGF to Canaccord. The addition of our new offices in Sydney, Melbourne, and Hong Kong, allows us to better serve our clients with world class distribution capabilities in five geographies and on nine exchanges,” notes Paul Reynolds, President and CEO of Canaccord Financial Inc. “BGF has built a strong, profitable business that represents an exceptional cultural, strategic and accretive fit with our business.”

“We’re pleased to be adding Canaccord’s global capabilities to our growing domestic business,” said Marcus Freeman, Managing Director of BGF Equities. “Our combined capabilities will make Canaccord BGF a significant competitor in the emerging company space and will benefit greatly from the global distribution capabilities of Canaccord,” he said.

On a pro-forma basis, the transaction is projected to be accretive to Canaccord’s earnings.

ACQUISITION OF EQUITY INTEREST IN BGF:

Canaccord has agreed to purchase a 50% interest in BGF, for aggregate consideration of approximately AUD\$40 million, to be payable in cash and, subject to TSX approval, Canaccord common shares. The number of Canaccord common shares to be issued as partial consideration for the purchase price (the “Consideration Shares”) will be calculated on the basis of the volume-weighted average trading price for the 20 consecutive trading day period ending on the third trading day before closing. However, the transaction is intended not to be dilutive; Canaccord intends to purchase a like number of shares under its outstanding normal course issuer bid and cancel them.

Completion of the equity investment is subject to a number of conditions, including the receipt of regulatory and stock exchange approvals. Canaccord anticipates that the acquisition will close in the fourth quarter of calendar 2011 (during Canaccord's third quarter of fiscal 2012).

Canaccord has also been granted the option to purchase from the existing shareholders the remaining 50% equity interest in Canaccord BGF. This option will be exercisable, at Canaccord's sole option, for a three-month period commencing at the fifth anniversary of the initial investment at a price to be determined at that time by reference to Canaccord BGF profits.

In connection with its investment, Canaccord will have the right to appoint three of the six directors of Canaccord BGF, and will have customary approval rights with respect to certain fundamental matters.

The Consideration Shares will be held in escrow and will be released rateably over five years.

Keefe, Bruyette & Woods Inc. acted as financial advisor to Canaccord on the transaction. Mallesons Stephen Jaques in Melbourne and Goodmans LLP in Toronto acted as legal advisor to Canaccord.

ABOUT CANACCORD FINANCIAL INC.:

Through its principal subsidiaries, Canaccord Financial Inc. is a leading independent, full-service financial services firm, with operations in two principal segments of the securities industry: wealth management and global capital markets. Since its establishment in 1950, Canaccord has been driven by an unwavering commitment to building lasting client relationships. We achieve this by generating value for our individual, institutional and corporate clients through comprehensive investment solutions, brokerage services and investment banking services. Canaccord has 46 offices worldwide, including 32 Wealth Management offices located across Canada. Canaccord Genuity, the international capital markets division, operates in the U.S., the U.K., Canada, China and Barbados.

Canaccord Financial Inc. is publicly traded under the symbol CF on the TSX and the symbol CF on AIM, a market operated by the London Stock Exchange. Canaccord's Series A Preferred Shares are listed on the TSX under the symbol CF.PR.A.

ABOUT BGF EQUITIES:

BGF Equities is an Australia-based, independent securities advisory firm with offices in Melbourne, Sydney and Hong Kong. The company provides full service investment banking, sales & trading, research and wealth management services to clients in Australia, Asia and the UK. BGF's expertise and services are focused on emerging companies and it has developed a proven track record of identifying high conviction investment opportunities across the metals, mining, energy and industrials sectors. Since the company's launch in 2007, BGF Equities has raised approximately AUD\$640 million for its corporate clients.

BGF Equities is the operating division and trade name of BGF Capital Group Pty Ltd.

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CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This press release contains certain forward-looking statements, including statements regarding Canaccord's expectation that its investment will be accretive to earnings. These statements relate to future events or future performance and reflect management's expectations or beliefs regarding future events including business and economic conditions and Canaccord's growth, results of operations, performance and business prospects and opportunities. Such forward-looking statements reflect management's current beliefs and are based on information currently available to management. In some cases, forward-looking statements can be identified by terminology such as "may", "will", "should", "expect", "plan", "anticipate", "believe", "estimate", "predict", "potential", "continue", "target", "intend" or the negative of these terms or other comparable terminology. By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and a number of factors could cause actual events or results to differ materially from the results discussed in the forward-looking statements. In evaluating these statements, readers should specifically consider various factors that may cause actual results to differ materially from any forward-looking statement. These factors include, but are not limited to, the risk that the transaction described herein does not close, market and general economic conditions, the nature of the financial services industry and the risks and uncertainties detailed from time to time in Canaccord's interim and annual consolidated financial statements and its Annual Report and Annual Information Form filed on www.sedar.com. These forward-looking statements are made as of the date of this document, and will not be updated or revised, except as specifically required by applicable law.