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This document is only being and may only be distributed to and directed at: (i) persons outside the United Kingdom to whom the document may be lawfully distributed; (ii) persons in the United Kingdom who are (a) "Qualified investors" within the meaning of Section 86(7) of the U.K. Financial Services and Markets Act 2000 ("FSMA") and (b) within the categories of persons referred to in Article 19 (Investment professionals) or Article 49 (high net worth companies, unincorporated associations, etc.) of FSMA (Financial Promotion) Order 2005 (the "Financial Promotion Order"); or (iii) persons in the United Kingdom to whom the Offering (as defined below) may otherwise be made or at whom the Offering may otherwise be directed in the United Kingdom without an approved prospectus having been made available to the public in the United Kingdom before the Offering is made (all such persons together being referred to as "relevant persons"). The securities being offered hereunder are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such securities will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents. This document is not a prospectus for the purposes of Section 85(1) of FSMA. Accordingly, this document has not been approved as a prospectus by the U.K. Financial Services Authority ("FSA") under Section 87A of FSMA and has not been filed with the FSA pursuant to the U.K. Prospectus Rules nor has it been approved by a person authorized under FSMA.

Information has been incorporated by reference in this short form 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 the Corporate Secretary of Canaccord Capital Inc., 2200 – 609 Granville Street, Vancouver, B.C. V7Y 1H2 telephone: (604) 643-7300, facsimile (604) 643-7606 and are also available electronically at [www.sedar.com](http://www.sedar.com).

## Short Form Prospectus

New Issue

April 25, 2008



## CANACCORD CAPITAL INC.

**5,855,000 Common Shares**  
**\$60,013,750**

This short form prospectus qualifies the distribution (the "Offering") of 5,855,000 common shares (the "Offered Shares") in the capital of Canaccord Capital Inc. (the "Company") at a price of \$10.25 per Offered Share.

The issued and outstanding common shares ("Common Shares") in the capital of the Company are traded on the Toronto Stock Exchange (the "TSX") and the AIM Market ("AIM") of the London Stock Exchange Group plc, in each case under the symbol "CCP". On April 11, 2008, the last trading day prior to the announcement of the Offering, the closing price of the Common Shares on the TSX was \$10.44 and on AIM was £5.175. The TSX has conditionally approved the listing of the Offered Shares on the TSX. Listing and admission on the TSX and AIM will be subject to the Company fulfilling all the listing requirements of the TSX and the admission requirements of AIM.

### Price: \$10.25 per Offered Share

	<u>Price to the Public<sup>(1)</sup></u>	<u>Underwriters' Commission<sup>(2)</sup></u>	<u>Proceeds to the Company<sup>(3)(4)</sup></u>
Per Offered Share.....	\$10.25	\$0.41	\$9.84
Total .....	\$60,013,750	\$2,400,550	\$57,613,200

Notes:

- (1) The offering price and Underwriters' commission were established by negotiation between the Company and the Underwriters (as defined below).
- (2) The Underwriters will receive a cash commission equal to 4% of the gross proceeds of the Offering.
- (3) Before deducting expenses of this Offering, estimated to be approximately \$350,000, which will be paid from the proceeds of the Offering.
- (4) The Company has granted the Underwriters an option (the "Over-Allotment Option"), exercisable for a period of up to 30 days following the closing of the Offering (the "Closing"), to purchase up to an additional 878,250 Common Shares on the same terms set out above, to cover over-allotments, if any, and for market stabilization purposes. The distribution of the Over-Allotment Option and the Common Shares issuable upon the exercise of the Over-

Allotment Option is qualified by this short form prospectus. A person who acquires Common Shares issuable on the exercise of the Over-Allotment Option acquires such Common Shares under this short form prospectus regardless of whether the over-allotment position is filled through the exercise of the Over-Allotment Option or secondary market purchases.

**An investment in the Offered Shares is subject to a number of risks that should be carefully reviewed and considered by an investor. See “Risk Factors”.**

Genuity Capital Markets, Canaccord Capital Corporation, CIBC World Markets Inc., Macquarie Capital Markets Canada Ltd., TD Securities Inc. and Thomas Weisel Partners Canada Inc. (collectively, the “Underwriters”), as principals, conditionally offer the Common Shares for sale, subject to prior sale, if, as and when issued by the Company and accepted by the Underwriters in accordance with the conditions contained in the Underwriting Agreement referred to under “Plan of Distribution” and subject to the approval of certain legal matters on behalf of the Company by McCarthy Tétrault LLP and on behalf of the Underwriters by Goodmans LLP.

<b>Underwriters’ Position</b>	<b>Number of Common Shares available</b>	<b>Exercise period</b>	<b>Exercise price</b>
Over-allotment option	878,250 Common Shares	30 days from closing of the Offering	\$10.25 per share

Subject to applicable laws, the Underwriters may, in connection with the Offering, effect transactions which stabilize or maintain the market price of the Common Shares at levels other than those which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time. **After a reasonable effort has been made to sell all of the Offered Shares at a price of \$10.25 per Offered Share, the Underwriters may subsequently reduce and thereafter change, from time to time, the price at which the Offered Shares are offered to an amount not greater than a price of \$10.25 per Offered Share. See “Plan of Distribution”.**

**Canaccord Capital Corporation, which is one of the Underwriters, is a wholly-owned subsidiary of the Company. Accordingly, the Company is considered a “related issuer” and “connected issuer” of Canaccord Capital Corporation under applicable securities laws. See “Relationships Between the Company and Certain of the Underwriters”.**

Subscriptions will be received subject to rejection or allotment in whole or in part and the Underwriters reserve the right to close subscription books at any time without notice. Other than Offered Shares sold in the United States, which will be represented by individual certificates, one or more book entry-only certificates representing the Offered Shares will be issued in registered form to the Canadian Depository for Securities Ltd. (“CDS”) or its nominee and deposited with CDS on the date of the closing, which is expected to occur on or about May 1, 2008 but, in any event, by no later than May 15, 2008. A purchaser of Offered Shares (other than a purchaser of Offered Shares in the United States and other than a purchase of Offered Shares acquired under the Offering and settled through typical settlement procedures under the CREST system) will receive only a customer confirmation from the registered dealer through which the Offered Shares are purchased.

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## GENERAL MATTERS

Unless otherwise indicated or the context otherwise requires, the “Company” refers to Canaccord Capital Inc. and its direct and indirect subsidiaries.

The Company’s fiscal year end is March 31. Unless otherwise indicated, “fiscal” in connection with a year relates to the 12 month period ended March 31 in that year.

Information contained on Canaccord’s website may not be deemed to be part of this prospectus or incorporated by reference herein and may not be relied upon by prospective purchasers for the purposes of determining whether to invest in the Common Shares qualified for distribution under this prospectus.

Industry and market information used herein has been obtained from public sources which the Company believes to be reliable.

## FORWARD LOOKING STATEMENTS

This short-form prospectus and the documents incorporated by reference contain certain forward-looking statements. 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 the Company’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. Forward-looking statements in this short form prospectus and the documents incorporated by reference herein include but are not limited to statements relating to:

- the Company’s ability to continue its growth;
- growth opportunities in the Company’s Private Client Services segment;
- increasing demand for wealth management products and financial planning services;
- the Company’s ability to participate in increased international investment arising from the elimination of foreign content restrictions applicable to registered retirement savings plans;

- the Company’s planned build-out of its U.S. and U.K. operations;
- the planned expansion and deepening of the Company’s presence in the core sectors of Mining and Metals, Technology, Life Sciences, Consumer Products, Real Estate and Industrial Growth;
- opportunities for the Company to provide brokerage services to dealers in the boutique or specialized dealer category;
- the stabilizing impact of emerging nation development on commodity prices;
- the expected stability of global infrastructure expansion;
- the belief that oil prices will continue to produce high profitability in the energy sector;
- expected volatility of equity markets;
- the fair value of the Company’s asset-backed commercial paper (“ABCP”) and the prospects for a successful comprehensive restructuring of the ABCP market;
- the anticipated effect of the Canaccord Relief Program, if it is implemented;
- the impact of global demand for commodities, precious metals and base metals on the Canadian economy;
- the Company’s intention to declare and pay dividends on a quarterly basis; and
- the Company’s expected use of the proceeds of the Offering.

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, prospective purchasers should specifically consider various factors, including the risks outlined under “Risk Factors”, which may cause actual results to differ materially from any forward-looking statement. These risk factors include but are not limited to:

- risks associated with the financial services industry generally;
- risks related to the Company’s investment in ABCP;
- the effectiveness of the Company’s risk management policies and procedures;
- risks of reduced revenues due to economic, political and market conditions;
- liquidity risk and volatility risk;
- risks of changes in foreign currency exchange rates;
- risks of reduced revenues during periods of declining prices or reduced activities in targeted industries or geographic markets;
- interest rate risk;
- the Company’s dependence on the availability of adequate funding;
- credit risk and exposure to losses;
- management of growth; and
- litigation and legal proceedings;

Although the forward-looking statements contained in this short-form prospectus and the documents incorporated by reference are based upon what management believes to be reasonable assumptions, the Company cannot assure purchasers that actual results will be consistent with these forward-looking statements. These forward-looking statements are made as of the date of this short-form prospectus, and the Company assumes no obligation to update or revise them to reflect new events or circumstances except as required by applicable law.

## **ELIGIBILITY FOR INVESTMENT**

In the opinion of McCarthy Tétrault LLP, counsel to the Company, and Goodmans LLP, counsel to the Underwriters, based on the provisions of the *Income Tax Act* (Canada) (the “Tax Act”) and the regulations thereunder, the Common Shares sold under the Offering will be qualified investments under the Tax Act and the regulation thereunder at a particular time for a trust governed by a registered retirement savings plan, a registered disability savings plan, a registered retirement income fund, a registered education savings plan or a deferred profit sharing as defined in the Tax Act, provided that such shares are listed on a “designated stock exchange” (which currently includes the TSX) at that time.

## DOCUMENTS INCORPORATED BY REFERENCE

The following documents of the Company, filed with securities commissions or similar authorities in Canada, are specifically incorporated by reference into, and form an integral part of, this short form prospectus:

- the annual information form (“AIF”) of the Company dated June 26, 2007 for the year ended March 31, 2007;
- the audited consolidated financial statements of the Company as at and for the years ended March 31, 2007, 2006 and 2005, together with the notes thereto and the auditors’ report thereon;
- management’s discussion and analysis of financial conditions and results of operations (“MD&A”) for the years ended March 31, 2007, 2006 and 2005;
- unaudited interim consolidated financial statements as at December 31, 2007 and for the three and nine month periods ended December 31, 2007 and 2006;
- MD&A for the three and nine month periods ended December 31, 2007 and 2006;
- a material change report of the Company dated April 18, 2008 regarding the Company’s announcement of a relief program under which Canaccord Capital Corporation will, if the program is implemented, repurchase, at maturity value, up to \$138.3 million of restructured third party asset-backed commercial paper (“ABCP”);
- a material change report dated April 24, 2008 regarding the Company’s announcement of the Offering; and
- the information circular dated June 26, 2007 prepared in connection with the Company’s annual meeting of shareholders held on August 2, 2007.

Any documents of the type described in Section 11.1 of Form 44-101F1 *Short Form Prospectuses* filed by the Company with a securities commission or similar authority subsequent to the date of this short form prospectus and prior to the distribution of Common Shares under the Offering shall be deemed to be incorporated by reference in this short form prospectus.

**Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this short form prospectus, to the extent that a statement contained herein or in any subsequently filed document that also is or is deemed to be incorporated by reference herein modifies or replaces such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed in its unmodified or superseded form to constitute a part of this short form prospectus.**

**Information has been incorporated by reference in this short form prospectus from documents filed with the securities commissions or similar authorities in Canada.** Copies of the documents incorporated herein by reference may be obtained on request without charge from the Corporate Secretary of the Company, 2200 – 609 Granville Street, Vancouver, B.C., V7Y 1H2; telephone (604) 643-7300, facsimile (604) 643-7606.

## THE COMPANY

Canaccord Capital Inc. was incorporated as Canaccord Holdings Ltd. on February 14, 1997 by the filing of a memorandum and articles with the Registrar of Companies for British Columbia under the *Company Act* (British Columbia) and continues in existence under the *Business Corporations Act* (British Columbia). Pursuant to resolutions of the shareholders passed at the annual general meeting of the Company on June 21, 2004 and the subsequent filing of a notice of alteration to its articles

and pursuant to an arrangement approved by an order of the Supreme Court of British Columbia made June 22, 2004, the Company changed its name to Canaccord Capital Inc. and altered its capital by converting all previously outstanding classes of common shares, preferred shares and debentures into Common Shares. The arrangement was made effective on June 30, 2004. The Company was amalgamated in a short-form vertical amalgamation with its wholly-owned subsidiary 0719880 B.C. Ltd. on April 1, 2007.

The Company's head office is located at 609 Granville Street, Vancouver, British Columbia, V7Y 1H2. The Company's registered office is located at 1000 – 840 Howe Street, Vancouver, British Columbia, V6Z 2M1.

## BUSINESS OF THE COMPANY

Through its principal subsidiaries, the Company is a leading independent, full service investment dealer in Canada with capital markets operations in the United Kingdom and the United States. The Company has operations in two of the principal segments of the securities industry: private client services and capital markets. Together, these operations offer a wide range of complementary investment products, brokerage services and investment banking services to the Company's private, institutional and corporate clients. The Company has approximately 1,650 employees worldwide in 30 offices, including 23 private client services offices located across Canada. Canaccord Adams, the Company's international capital markets division, has operations in Toronto, London, Boston, Vancouver, New York, Calgary, Montreal, San Francisco, Houston and Barbados.

## CONSOLIDATED CAPITALIZATION

The following table sets forth the consolidated capitalization of the Company as of the dates indicated and adjusted to give effect to the issue of the Offered Shares under the Offering. The following table should be read in conjunction with the Company's audited consolidated financial statements for the years ended March 31, 2007, 2006 and 2005, together with the notes that accompany them and the MD&A thereon, and the unaudited interim consolidated financial statements for the three and nine month periods ended December 31, 2007 and 2006, together with the MD&A thereon, in each case as incorporated by reference into this short form prospectus.

	<b>As at March 31, 2007</b>	<b>As at December 31, 2007</b>	<b>As at December 31, 2007</b>
	Audited Actual	Unaudited Actual	Unaudited Adjusted <sup>(1)</sup>
	(in thousands of dollars)		
<b>Shareholders' Equity</b>			
Share capital.....	\$ 156,296	\$ 141,370	\$ 198,633
Retained earnings.....	213,659	263,571	263,571
Cumulative foreign currency translation adjustment.....	2,236	-	-
Accumulated other comprehensive income.....	-	(14,713)	(14,713)
	<b>\$ 372,191</b>	<b>\$ 390,228</b>	<b>\$ 447,491</b>

(1) The adjusted figures at December 31, 2007 give effect to the issue of 5,855,000 Common Shares pursuant to the Offering (assuming no exercise of the Over-Allotment Option) for net proceeds of \$57,263,200 after taking account of commission, fees and other expenses related thereto estimated at \$350,000.

## DETAILS OF THE OFFERING

The Offering consists of 5,855,000 Common Shares at a price of \$10.25 per share.

The authorized share capital of the Company consists of an unlimited number of Common Shares, without nominal or par value, and an unlimited number of preferred shares, issuable in series. As of the date of this short form prospectus, there are 47,835,051 Common Shares outstanding.

Holders of Common Shares are entitled to receive dividends as and when declared by the board of directors of the Company and are entitled to one vote per share on all matters to be voted on at all meetings of shareholders. Upon voluntary or involuntary liquidation, dissolution or winding-up of the Company, the holders of Common Shares are entitled to share ratably in the remaining assets of the Company available for distribution, after payment of liabilities.

### **Restrictions on Ownership and Transfer of Common Shares**

Pursuant to rules established by certain securities regulatory authorities in Canada and the United States, the ownership of shares of an investment dealer is subject to certain restrictions. To enable the Company to comply with these requirements, the articles of the Company contain the following provisions:

- The Company may require a proposed subscriber or transferee of shares to submit a declaration with respect to the holding of shares of the Company as beneficial owner and any other matter that the directors consider relevant to determine if the registration of the subscription or transfer would result in a violation of the Company's articles or applicable legislative or regulatory requirements. The Company also may require a declaration at any time if proxies are solicited from shareholders at any meeting of shareholders or before such a meeting or when, in the opinion of the directors, the holding of shares by any person could violate the articles or applicable legislative or regulatory requirements.
- The Company has the power to refuse to issue or record a transfer and to withdraw the voting rights, of any share of any class if:
  - (a) following the issue or recording of the transfer, the shareholder (along with his or her associates and affiliates) would beneficially own or control, directly or indirectly, a "significant equity interest" in the Company, unless the required approvals from all relevant securities regulatory authorities have been obtained; or
  - (b) the person requesting the issue or recording of the transfer refuses to sign and deliver a declaration with respect to his or her beneficial ownership of shares of the Company.

For these purposes, a "significant equity interest" in the context of the Company means:

- in respect of the applicable rules of the Investment Dealers Association (IDA) and the TSX Venture Exchange Inc., the holding of: (i) voting securities carrying 10% or more of the votes carried by all voting securities of the Company, (ii) 10% or more of the outstanding participating securities of the Company or (iii) an interest of 10% or more of the total equity in Canaccord Capital Corporation;
- in respect of the applicable rules of the Toronto Stock Exchange, the holding, directly or indirectly and alone or in combination with any other person, of securities: (i) carrying 20% or more of the votes carried by all voting securities, (ii) carrying the right to receive 20% or more of any distribution of earnings and (iii) accounting for 20% or more of the total capital or equity of the Company;
- in respect of the applicable rules of the Bourse de Montreal Inc. (the "Bourse") (where a significant equity interest is referred to as a "major position"), having the power to direct or cause the direction of the management or policies of Canaccord Capital Corporation whether through ownership of securities, by contract or otherwise and a person is considered to hold a major position in the capital of the Company pursuant to the rules of the Bourse if such person, directly or indirectly: (i) has the right to vote 10% or more of the voting securities or (ii) is entitled to receive 10% or more of the net profits of the Company;
- in respect of the applicable rules of the Autorité des marchés financiers in Quebec, the direct or indirect ownership or holding of more than 10% of the voting rights attached to securities issued by the Company; and

- in respect of the applicable rules of the Financial Industry Regulatory Authority in the United States, a change in the equity ownership of the Company that results in one person or entity directly or indirectly owning or controlling 25% or more of the equity.

The Company is entitled to sell, as agent, through a stock exchange designated by the directors of the Company or, in the absence of such a designation, by private contract or in any other manner, any number of shares of any class held by any person in violation of the articles, if the directors of the Company determine that the sale is necessary or advisable to ensure compliance with the articles and applicable legislative and regulatory requirements. The Company is also entitled to effect such a sale if a person fails to reply to a request for a declaration contemplated by the articles. Any such sale will be subject to certain procedural requirements (which are set out in the articles) including notice of the proposed sale.

These restrictions relating to the transfer and the issue of shares of the Company do not generally apply in the case of an issue or a transfer in favour of an investment dealer or a holding company of an investment dealer so long as the transfer is effected in the ordinary course of the activities of its securities business. The board of directors of the Company has the power to establish the rules and procedures that it considers necessary and appropriate to implement these provisions.

FSMA places an obligation, in certain circumstances, on controllers and proposed controllers of Canaccord Adams Limited to (i) obtain the approval of the FSA before becoming a controller or increasing the level of control of Canaccord Adams Limited already held; and (ii) to notify the FSA before reducing that level of control. Failure to obtain approval or to notify is an offence under section 191(3) of FSMA. The FSA has up to three months from the date it receives the notice to consider whether to approve any such increase in control. A controller or proposed controller should take this period into account when deciding when to give their notification. A “controller” of Canaccord Adams Limited, in the present context, is a person who (along with its, his or her associates) holds 10% or more of the shares in the Company or is able to exercise significant influence over the management of the Company through its, his or her shareholding in the Company. These restrictions on the ownership and transfer of the Common Shares may have an effect on the marketability and liquidity of the Common Shares. See “Risk Factors”.

### PRIOR SALES

The following table summarizes sales of Common Shares and securities convertible into Common Shares by the Company during the 12 month period prior to the date of this short form prospectus.

<b>Date</b>	<b>Security</b>	<b>Price per Security</b>	<b>Number of Securities</b>
May 1, 2007	Common Shares	\$14.00	25,000
May 31, 2007	Common Shares <sup>(1)</sup>	\$10.50	7,273
August 20, 2007	Common Shares <sup>(1)</sup>	\$10.50	1,995
December 19, 2007	Common Shares <sup>(1)</sup>	\$11.90	3,949

(1) Issued to employees pursuant to a share retention program.



## PRICE RANGE AND TRADING VOLUMES OF THE COMMON SHARES

The Common Shares are listed and posted for trading on the TSX under the symbol “CCI”. The following table sets forth, for the periods indicated, the reported high and low sales prices and the average daily volume of trading of the Common Shares on the TSX.

Period	High	Low	Average Daily Trading Volume
Calendar 2007			
April.....	24.92	22.08	141,400
May.....	25.92	21.03	221,700
June.....	22.41	20.22	190,600
July.....	22.49	20.05	112,500
August.....	22.05	16.25	248,800
September.....	19.66	17.35	321,800
October.....	20.58	17.88	242,500
November.....	18.65	14.52	207,400
December.....	16.02	13.30	256,000
Calendar 2008			
January.....	16.33	11.64	240,100
February.....	14.43	10.95	240,500
March.....	11.16	8.60	286,700
April (through April 24, 2008).....	11.75	9.53	637,636

## USE OF PROCEEDS

The estimated net proceeds of the Offering, after deducting the Underwriters’ commission and the expenses of the Offering estimated to be \$350,000, will be approximately \$57,263,200. The Company intends to use the net proceeds in support of business development activities including to competitively pursue recruiting opportunities that may arise in relation to both its Canaccord Adams and Private Client Service business segments, and make opportunistic acquisitions of complementary businesses with a view toward accelerating the growth of its businesses.

## PLAN OF DISTRIBUTION

Pursuant to an underwriting agreement dated April 18, 2008 (the “Underwriting Agreement”) between the Company and the Underwriters, the Company has agreed to issue and the Underwriters have agreed to purchase, on or about May 1, 2008, or such other date as may be agreed upon by the Company and the Underwriters, but in any event not later than May 15, 2008, 5,855,000 Common Shares to be issued by the Company at a price of \$10.25 per share, payable in cash to the Company against delivery. The offering price was established by negotiation between the Company and the Underwriters. The obligations of the Underwriters under the Underwriting Agreement are conditional and may be terminated at their discretion on the basis of their assessment of the state of the financial markets and may also be terminated upon the occurrence of certain stated events. The Underwriters are, however, obligated to take up and pay for all of the Common Shares if any of the Common Shares are purchased under the Underwriting Agreement.

Pursuant to the Underwriting Agreement, a cash commission equal to 4% of the gross proceeds of the Offering (\$0.41 per share) will be paid to the Underwriters, for an aggregate cash commission of \$2,400,550.

Subject to applicable laws, the Underwriters may, in connection with the Offering, effect transactions which stabilize or maintain the market price of the Common Shares at levels other than those which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time.

The Underwriters propose to offer the Offered Shares initially at a price of \$10.25 per Offered Share. After a reasonable effort has been made to sell all of the Offered Shares at a price of \$10.25 per Offered Share, the Underwriters may subsequently reduce and thereafter change, from time to time, the price at which the Offered Shares are offered to an amount not greater than a price of \$10.25 per Offered Share. If the offering price to the public is so decreased, the Underwriters will nonetheless be obligated to pay to the Company \$10.25 per Offered Share and the Underwriters’ commission of \$0.41 per

Offered Share will not be affected. However, the compensation realized by the Underwriters will be effectively decreased by the amount that the aggregate price paid by purchasers for the Offered Shares is less than the gross proceeds paid by the Underwriters to the Company.

Subscriptions will be received subject to rejection or allotment in whole or in part and the Underwriters reserve the right to close subscription books at any time without notice. Other than Offered Shares sold in the United States, which will be represented by individual certificates, one or more book entry-only certificates representing the Offered Shares will be issued in registered form to CDS or its nominee and deposited with CDS on the date of the closing. A purchaser of Offered Shares (other than a purchaser of Offered Shares in the United States and other than a purchaser of Offered Shares acquired under the Offering and settled through typical settlement procedures under the CREST system) will receive only a customer confirmation from the registered dealer through which Offered Shares are purchased.

Except in connection with the Offering, an acquisition or the exercise of stock options by any director, officer, employee or consultant of the Company, or the exercise of any other right by any director, officer, employee or consultant of the Company under a stock option or similar plan of the Company, the Company has agreed with the Underwriters that it will not offer, sell, pledge, contract to sell or otherwise dispose of (or enter into any transaction which is designed to result in such disposition, whether by actual disposition or effective economic disposition due to cash settlement or otherwise, by the Company or any affiliate of the Company), directly or indirectly, any Common Shares or any securities convertible, exchangeable or exercisable into Common Shares for a period of 90 days following the Closing, without the prior consent of Genuity Capital Markets, which consent may not be unreasonably withheld.

The Offered Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws. Accordingly, the Offered Shares may not be offered or sold within the United States except in transactions exempt from the registration requirements of the U.S. Securities Act and applicable state securities laws. The Offered Shares are being offered by the Underwriters in the United States pursuant to certain exemptions from the registration requirements of the U.S. Securities Act. Each Underwriter has agreed that, except as permitted by the Underwriting Agreement and as expressly permitted by applicable laws of the United States, it will not offer or sell any Offered Shares within the United States. The Underwriting Agreement permits the Underwriters to offer and the Corporation to sell Offered Shares to “accredited investors”, as such term is defined in Rule 501(a) of Regulation D under the U.S. Securities Act, and in accordance with Rule 506 thereunder. In addition, the Underwriting Agreement permits the Underwriters to reoffer and resell Offered Shares to certain “qualified institutional buyers” in the United States in accordance with Rule 144A under the U.S. Securities Act. This short form prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, any of the Offered Shares in the United States. In addition, until 40 days after the commencement of this Offering of Common Shares, an offer or sale of the Common Shares within the United States by any dealer (whether or not participating in this Offering) may violate the registration requirements of the U.S. Securities Act unless such offer or sale is made pursuant to an exemption under the U.S. Securities Act.

This short form prospectus is only being and may only be distributed to and directed at: (i) persons outside the United Kingdom to whom the document may be lawfully distributed; (ii) persons in the United Kingdom who are (a) “Qualified investors” within the meaning of Section 86(7) of FSMA and (b) within the categories of persons referred to in Article 19 (investment professionals) or Article 49 (high net worth companies, unincorporated associations, etc.) of the Financial Promotion Order; or (iii) persons in the United Kingdom to whom the Offering may otherwise be made or at whom the Offering may otherwise be directed in the United Kingdom without an approved prospectus having been made available to the public in the United Kingdom before the Offering is made (all such persons together being referred to as “relevant persons”). The Offered Shares are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such securities will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this short form prospectus or any of its contents. This prospectus is not a prospectus for the purposes of Section 85(1) of FSMA. Accordingly, this prospectus has not been approved as a prospectus by the FSA under Section 87A of FSMA and has not been filed with the FSA pursuant to the U.K. Prospectus Rules nor has it been approved by a person authorized under FSMA.

The Underwriters have represented, warranted and agreed in the Underwriting Agreement that they will not offer or sell any Offered Shares to persons in the United Kingdom except to (i) persons who are (a) “Qualified investors” within the meaning of Section 86(7) of the FSMA and (b) within the categories of persons referred to in Article 19 (investment professionals) or Article 49 (high net worth companies, unincorporated associations, etc.) of the Financial Promotion Order or (ii) persons to whom the Offering may otherwise be made or at whom the Offering may otherwise be directed in the United Kingdom

without an approved prospectus having been made available to the public in the United Kingdom before the Offering is made.

The TSX has conditionally approved the listing of the Offered Shares on the TSX. Listing and admission on the TSX and AIM will be subject to the Company fulfilling all the listing requirements of the TSX and the admission requirements of AIM.

## **RELATIONSHIPS BETWEEN THE COMPANY AND CERTAIN OF THE UNDERWRITERS**

Canaccord Capital Corporation, which is one of the Underwriters, is a wholly-owned subsidiary of the Company. Accordingly, the Company is considered a “related issuer” and “connected issuer” of Canaccord Capital Corporation under applicable securities laws.

The decision to undertake the Offering, including the terms, structuring and pricing of the Offering, was determined by negotiation among the Company and the Underwriters, with Genuity Capital Markets taking a lead role in such negotiations and Canaccord Capital Corporation not playing an active role in its capacity as an underwriter. Genuity Capital Markets has acted as an “independent underwriter” for the purposes of applicable securities laws in connection with the Offering and has actively participated in the structuring and pricing of the Offering and led the related due diligence activities performed by the Underwriters.

## **RISK FACTORS**

An investment in Common Shares is subject to various risks, including those risks inherent in conducting the business of an independent, full service investment dealer in Canada with capital markets operations in the United Kingdom and the United States. Before deciding whether to invest in Common Shares, investors should consider carefully the risks set out herein and incorporated by reference in this short form prospectus, including the risk factors and categories of risks identified and discussed in the Company’s AIF for the year ended March 31, 2007 and its MD&A for the three and nine month periods ended December 31, 2007 and 2006.

### **Risks Relating to the Company**

The securities industry and the Company’s activities are by their very nature subject to a number of inherent risks. Economic conditions, competition and market factors such as volatility in the Canadian and international markets, interest rates, commodity prices, market prices, trading volumes and liquidity will have a significant impact on the Company’s profitability.

An investment in Common Shares involves a number of risks, including market, liquidity, credit, operational, legal and regulatory risks, which could be substantial and are inherent in the Company’s business. The Company is also directly exposed to market price risks, liquidity risk and volatility risk as a result of its principal trading activities in equity securities and to specific interest rate risk as a result of its principal trading in fixed income securities. The Company’s Private Client Services division’s revenue is dependent on trading volumes and, as such, is dependent on the level of market activity and investor confidence. The Company’s Canaccord Adams division’s revenue is dependent on financing activity by corporate issuers and the willingness of institutional clients to actively trade and participate in capital markets transactions. There may also be a lag between market fluctuations and changes in business conditions and the level of the Company’s market activity and the impact that these factors have on the Company’s operating results and financial position. Furthermore, the Company’s business is cyclical and thus experiences considerable variations in revenue and income from quarter to quarter and year to year due to the factors discussed above. These factors are beyond the Company’s control and, as a result, revenue and net income will fluctuate, as they have historically.

### **Risks Relating to Asset-Backed Commercial Paper**

ABCP last traded on an active market in Canada on August 13, 2007 and there are currently no market quotations available for ABCP. On September 6, 2007 the Company announced its support for the Pan-Canadian Investors Committee for ABCP, which was convened to seek options for the equitable restructuring of ABCP conduits. This committee comprises significant holders of ABCP, including the Company. On March 17, 2008, the committee filed proceedings for a plan of compromise

and arrangement (the “ABCP Plan”) under the *Companies’ Creditors Arrangement Act* (Canada) with the Ontario Superior Court (the “Court”). The Court granted an order which continued a standstill in the ABCP market which had been in effect since August 2007 and set April 25, 2008 as the date for a meeting of ABCP noteholders to approve the ABCP Plan. At the meeting of ABCP noteholders on April 25, 2008, noteholders approved the ABCP Plan by the required majorities. Implementation of the ABCP Plan is subject to the approval of the Court.

At December 31, 2007, the Company held as principal ABCP with a par value of \$43.2 million. There is significant uncertainty in estimating the amount and timing of cash flows associated with the ABCP. The Company estimates the fair value of its ABCP by discounting expected future cash flows considering the best available data. Since the fair value of the ABCP is based on the Company’s assessment of current conditions, amounts reported may change materially in subsequent periods. The Company recorded adjustments of \$4.2 million and \$8.6 million in the three and nine month periods ended December 31, 2007 to reflect the lack of liquidity in the ABCP market. The Company continues to assess the fair value of its ABCP in the context of evolving market conditions and the prospects for a successful comprehensive restructuring of ABCP, and may be required to make further fair value adjustments and related write-downs. If the Company determines to make further fair value adjustments or increase the amounts of its write-downs, it would result in a reduction in the Company’s capital.

In addition to holding ABCP as principal, the Company’s wholly-owned subsidiary Canaccord Capital Corporation has approximately 1,480 clients holding approximately \$270 million maturity value of affected ABCP. Of these clients, approximately 1,430 hold \$1.0 million or less of affected ABCP representing, in the aggregate, approximately \$138 million maturity value of affected ABCP. The remaining clients hold approximately \$132 million maturity value of affected ABCP. On April 9, 2008, the Company announced a program (the “Canaccord Relief Program”) under which Canaccord Capital Corporation will repurchase, at maturity value, ABCP from clients who hold \$1.0 million or less of such ABCP.

The Canaccord Relief Program combines a market bid from third-party sources with a Canaccord-funded top-up to achieve maturity value. The purchase by Canaccord Capital Corporation of restructured notes from any given eligible client under the Canaccord Relief Program is conditional upon: (i) the execution and delivery by such eligible client of a formal offer letter and assignment in proper form; (ii) the truth of the representations and warranties made by such eligible client at the time of delivery of the assignment and on the closing date; (iii) the delivery of a final sanction order and the implementation of the ABCP Plan in forms acceptable to Canaccord Capital Corporation; (iv) the ability of Canaccord Capital Corporation to resell the restructured notes without legal or contractual impediment, including the absence of any litigation relating to the Canaccord Relief Program; and (v) the concurrent completion of Canaccord Capital Corporation’s sale of certain restructured notes to third parties (the “Concurrent Financing”). Completion of the Concurrent Financing is itself subject to certain conditions, including a final ABCP Plan and final sanction order, the implementation of the ABCP Plan, in each case without material amendment, and other conditions to close. The closing of the purchase by Canaccord Capital Corporation of restructured notes from eligible clients will take place as soon as possible following the closing of the restructuring under the ABCP Plan, but not more than 20 business days after the completion of the distribution of restructured notes in accordance with the ABCP Plan. The restructuring under the ABCP Plan is currently scheduled to close at the end of May 2008.

Seven clients of Canaccord Capital Corporation have commenced legal actions against the company with respect to their investments in ABCP. Of these seven clients, four hold \$1.0 million or less of ABCP and will be eligible under the Canaccord Relief Program if it is implemented. In addition, one legal action has been commenced against Canaccord Capital Corporation by the client of an introducing broker for which Canaccord Capital Corporation acts as a carrying broker. The Company has been advised that this client is eligible under an ABCP relief program established by the introducing broker. Although the outcome of these actions cannot be predicted with certainty, Canaccord Capital Corporation believes these claims are without merit and intends to defend itself vigorously in each case.

As currently drafted, the ABCP Plan provides for a declaratory release that would result in the release of the claim against Canaccord Capital Corporation in each of the eight pending lawsuits described above as well as any future ABCP-related claims against Canaccord Capital Corporation. There can be no assurance that the ABCP Plan will be implemented or, if it is implemented, that the declaratory release contained therein will not be amended in a manner that does not result in the release of these and other potential claims against Canaccord Capital Corporation. If the ABCP Plan is not implemented, or if the declaratory release is amended in such a manner that the ABCP Plan does not result in the release of these and other potential claims, the Company and Canaccord Capital Corporation may be found liable in connection with the pending ABCP-related lawsuits described above and further legal actions may be commenced against the Company, which could materially adversely affect the Company’s business, results of operations and financial condition. If the ABCP Plan is

implemented, there is no assurance that all of the other conditions for the purchase by Canaccord of the restructured notes will be met. If the Canaccord Relief Program is not completed as a result of one or more of these other conditions not being met, the Company's business, results of operations and financial condition could be materially adversely affected. In addition, even if the ABCP Plan is implemented as currently drafted, there is no assurance that the validity or effectiveness of the declaratory release will not be challenged in actions commenced against the Company or others. Any determination that the declaratory release is invalid or ineffective could materially adversely affect the Company's business, results of operations and financial condition. Similarly, even if the Canaccord Relief Program is implemented, Canaccord Capital Corporation may lose future business from clients holding more than \$1.0 million of ABCP who are ineligible to participate in the Canaccord Relief Program, which may adversely effect the Company's business, results of operations and financial condition.

#### **AUDITORS, TRANSFER AGENT AND REGISTRAR**

The auditors of the Company are Ernst & Young LLP, Chartered Accountants, Vancouver, British Columbia. The registrar and transfer agent for the Common Shares is Computershare Investor Services Inc., 510 Burrard Street, Vancouver, British Columbia, V6C 3B9.

#### **EXPERTS**

Certain Canadian legal matters in connection with this Offering will be passed upon by McCarthy Tétrault LLP on behalf of the Company and by Goodmans LLP on behalf of the Underwriters. As at the date hereof, the partners and associates of McCarthy Tétrault LLP and the partners and associates of Goodmans LLP, as a group, beneficially own directly or indirectly less than 1% of the outstanding Common Shares.

The consolidated financial statements of the Company as at March 31, 2007 incorporated by reference in this short form prospectus have been examined by Ernst & Young LLP as set forth in their report included therein and incorporated by reference in this short form prospectus. Ernst & Young LLP is independent with respect to the Company in accordance with the Rules of Professional Conduct of the Institute of Chartered Accountants of British Columbia.

#### **PURCHASERS' STATUTORY RIGHTS**

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. In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission or damages are exercised by the purchaser within the time limited prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of such purchaser's province for the particulars of these rights or consult with a legal adviser.

## **AUDITOR'S CONSENT**

We have read the short form prospectus of Canaccord Capital Inc. (the "Company") dated April 25, 2008. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the incorporation by reference in the above-mentioned prospectus of our report to the shareholders of the Company on the consolidated balance sheets of the Company as at March 31, 2007, 2006 and 2005; and the consolidated statements of operations and retained earnings and cash flows for each of the three years then ended. Our report is dated April 24, 2007, except for note 18, which is as of May 16, 2007.

(signed) Ernst & Young LLP  
Chartered Accountants  
Vancouver, British Columbia  
April 25, 2008

**CERTIFICATE OF THE COMPANY**

Dated: April 25, 2008

This short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the provinces of Canada.

(signed) PAUL D. REYNOLDS  
President and Chief Executive Officer

(signed) BRAD KOTUSH  
Executive Vice-President and Chief Financial Officer

On behalf of the Board of Directors

(signed) PETER M. BROWN  
Director

(signed) MARK G. MAYBANK  
Director

## CERTIFICATE OF THE UNDERWRITERS

Dated: April 25, 2008

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

GENUITY CAPITAL MARKETS

CANACCORD CAPITAL  
CORPORATION

CIBC WORLD MARKETS INC.

(signed) ROB PENTELIUK

(signed) RONALD A. RIMER

(signed) SHANNAN LEVERE

MACQUARIE CAPITAL MARKETS  
CANADA LTD.

TD SECURITIES INC.

THOMAS WEISEL PARTNERS  
CANADA INC.

(signed) MARILIA COSTA

(signed) JONATHAN BROER

(signed) ROB MAGWOOD