



## CanniMed Therapeutics Inc.'s Latest Attempt to Stifle the Aurora Cannabis Inc. Takeover Bid

### Description

Marijuana stocks have been popular news all year, and one of the hottest stocks has been **Aurora Cannabis Inc.** ([TSX:ACB](#)). The company has been making news recently for its attempt to take over rival **CanniMed Therapeutics Inc.** (TSX:CMED). CanniMed was not thrilled with the bid and has already tried to thwart its investors from accepting the all-stock deal. (The bid was previously discussed in this recent Fool [article](#) by David Jagielski.) What's the latest news with the deal? Let's take a look.

### Aurora Cannabis tries to stop CanniMed's own acquisition

CanniMed previously announced its plans to buy **Newstrike Resources Ltd.** (TSXV:HIP). Newstrike is a smaller player based in Brantford, Ontario. The company is a licensed producer of medical marijuana.

Aurora Cannabis spoke about the deal on December 18, claiming it is a "terrible deal" for CanniMed's stockholders. Aurora stated it plans to issue an official circular to all shareholders stating their disagreement with the plan. Aurora's goal is to convince CanniMed shareholders to vote down the planned acquisition. Aurora claims Newstrike is failing and has no clients or revenues. Looking at Newstrike's most recent financial statements listed on [sedar.ca](#), Aurora is right. There is no revenue listed, and the company is reporting a net loss, similar to last year's filing.

The Ontario Securities Commission (OSC) has a hearing scheduled to listen to CanniMed's request to intervene in their hostile takeover on December 20. It will be interesting to see what comes out of the hearing. CanniMed is also trying to have Aurora's planned takeover listed as an insider bid by both the OSC and Saskatchewan's securities regulator. (CanniMed is based in Saskatoon.)

### How Aurora Cannabis looks otherwise

Aurora's stock price has been on a tear since the beginning of November, moving from just under \$3 per share to the \$7-per-share range. The stock reported positive earnings per share of \$0.01 cent for the quarter ending September 30, which would be the first positive earnings the company has reported. Revenues have been below expenses. The stock has a high price-to-book ratio of 10.94 and a non-

existent P/E ratio. The stock price increase has given it a one-year return in the triple digits, though. Here's more recent [analysis](#) on the stock by Fool contributor Ambrose O'Callaghan.

### Bottom line

Even without the uncertainty of the takeover bid, marijuana stocks are still speculative investments. There is still so much unknown about the retail marijuana market in Canada, so it's hard to say if the stock prices of marijuana companies will continue to rise, or if they'll come crashing back down to earth instead.

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