



## Shareholders of Aurora Cannabis Inc. Will Get Some Important Answers This Week

### Description

The story of the takeover of **CanniMed Therapeutics Inc.** (TSX:CMED) by **Aurora Cannabis Inc.** ([TSX:ACB](#)) took yet another twist last week. CanniMed filed a \$725 million lawsuit against Aurora for damages it says it incurred from the hostile takeover attempt. CanniMed is also going after two board members, one current and one former, for conspiring with Aurora.

Aurora first made a proposal to CanniMed's board of directors back in November in an all-stock deal. At the time, Aurora's stock was trading ~\$6 after news of the proposal gave the share price a boost. Although there were [questions about Aurora's valuation](#) (and there are even more now), CanniMed shareholders could have made out well, as Aurora's stock has since grown to over \$10.

Instead, CanniMed decided to go after its own acquisition when it made an offer to **Newstrike Resources Ltd.**, which is backed by the Tragically Hip. Aurora, unimpressed with the decision, believes that it is a better fit for CanniMed than Newstrike is.

Adding to the controversy was how Aurora knew of CanniMed's planned board meeting to discuss the possible acquisition of Newstrike, leading many to believe there was an insider involved.

However, all of this hasn't stopped Aurora from taking a position in CanniMed. Aurora recently increased its stake in its takeover target when it purchased an additional 91,800 shares of CanniMed, giving it 2.7% ownership of the Saskatchewan-based cannabis company. There could be more purchases on the way, as Aurora is able to buy up to 5% of CanniMed's shares on the open market.

### How is this all going to end?

There will be some important votes happening this month, so you may want to mark your calendar. On the 15th, Aurora's shareholders will vote on whether to issue shares for the CanniMed deal. Newstrike will vote on the 17th to determine whether it should go forward with the deal proposed by CanniMed, while shareholders of CanniMed will vote on the 23rd.

One way or another, the picture will start to get clearer before the month is over. The key vote could

come from CanniMed shareholders, as a “no” vote to the Newstrike deal might suggest a preference for the Aurora deal, while a “yes” vote could finally put an end to it. However, if both Newstrike and Aurora shareholders are not in favour of the deals, then the CanniMed vote will not be necessary.

### **Could there be more deals on the way?**

While these deals are certainly getting a lot of attention, this might be [just the start](#) of the consolidation in the industry. As we are seeing more cannabis stocks get listed on the TSX, it creates more of an opportunity for acquisition, as the industry is starting to become very fragmented.

A lot of companies, particularly south of the border, are staying on the sidelines until pot is completely legal in the U.S., because until that happens, it will not be possible to legally transport marijuana across state lines and borders, making it difficult to operate.

The industry is still in its early stages, and even in a year from now, we could see a much different landscape than the one we see today.

### **CATEGORY**

1. Investing

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1. Investing

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