



## What Does Newstrike Resources Ltd.'s Vote Mean for Investors of Aurora Cannabis Inc.?

### Description

On Wednesday, investors of **Newstrike Resources Ltd.** (TSXV:HIP) voted in favour of the proposed acquisition by **CanniMed Therapeutics Inc.** (TSX:CMED). With a resounding 99.4% wanting to go forward with the deal, it will now remain with CanniMed investors to confirm if the deal will go through with a vote on January 23. **Aurora Cannabis Inc.** ([TSX:ACB](#)) has urged investors of CanniMed to vote “no” on the deal to acquire Newstrike and instead accept its takeover attempt.

### Could the drama finally be ending?

News of these acquisition attempts started way back in November when [Aurora announced its proposal to acquire CanniMed](#). However, CanniMed believed it was better suited for a deal with Newstrike, but Aurora disagreed and said its deal would be conditional on the Newstrike deal not going through.

This has now set up an important vote next week, which will ultimately decide which direction CanniMed will go. A “yes” vote on the Newstrike deal could mean the end of Aurora’s acquisition attempt of CanniMed, while a “no” vote will leave the door open. If it’s the latter, then this might not be over so soon.

### Will CanniMed be able to overcome Aurora’s influence?

CanniMed recently filed a lawsuit against Aurora for damages caused by its takeover attempt and has also gone after two board members. The company says the Aurora bid involves insiders, and that could impact the vote next week. If CanniMed shareholders want the deal with Aurora to go through, then, almost certainly, we’ll see a “no” vote on the Newstrike deal.

The big question is whether or not Aurora has enough influence in CanniMed, and if it has done enough to sway shareholders to reject the deal. If CanniMed investors vote not to go through with the Newstrike deal, we could see the public feud between Aurora and CanniMed escalate even further.

However, all this drama hasn’t stopped Aurora from buying up shares of CanniMed on the open

market, as it is able to own as much as 5% of the company and currently has ~3% stake and made another stock purchase earlier this week.

### **What does all this mean for investors?**

Investors should circle their calendars for January 23, because it will at the very least provide some important answers as to where this soap opera is headed next. Since November, when the proposed deal with Aurora and CanniMed was announced, Aurora's stock price has soared more than 200%, and it is [already off to a strong start in 2018](#). The danger for Aurora investors is that if the deal falls through, it could have a potentially devastating effect on the share price.

CanniMed has also benefited from the proposal, with its share price doubling since the time the acquisition attempt was made public.

For Aurora investors, it might be a good time to take profits accumulated in the past three months and cash out. With valuations already through the roof, and the potential deal with CanniMed priced in to the stock's value, there might not be a lot of upside, even if the deal does go through, while the downside risk could be significant.

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1. Investing

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djagielski

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