3 Stocks Under $5 With a Closing Window of Opportunity

Description

It can feel great buying up stocks on the cheap. But if those cheap stocks then stay around that low mark — or worse, sink lower — there really isn't much point buying them.

Then there are stocks that have sunk so low they have become penny stocks. Think **Bombardier**, a once great stock that has since dropped to that level. Analysts still aren't sure when the aerospace company will dig itself out of that hole.

That's why today I have three completely different stocks for investors to consider. Each is in an industry that is fairly safe, offering investors with diverse stock options that are also incredibly cheap. So, let's get started.

Osisko

First up, we have **Osisko Mining** (TSX:OSK), a mining company making some big moves lately that have investors wondering if the miner has a few tricks up its sleeve. Most recently, the company announced it entered an agreement with Canaccord Genuity for a "bought deal" of 3,175,000 common shares at $3.15 per share, just over $10 million. This came on the heels of another announcement, where Canaccord would buy flow-through shares at $5.67 for just over $30 million.

The funds will be used towards capital and clearly show Osisko is confident in its long-term future. That future includes the discovery of a new area of mineralization in its 100%-owned Windfall gold project in James Bay, Québec. The company expects to begin exploratory drilling immediately.

With gold surging in price to US$1,400 for the first time in six years, Osisko have also tapped into gold by acquiring Alexandria Minerals in gold-rich Cadillac Larder for $40 million. At $3.68 per share at writing, the company is a strong buy with analysts giving it a potential upside of 36% in the next 12 months.

Horizon North

From gold to a completely diverse company, enter **Horizon North Logistics** (TSX:HNL) — a company that offers industrial and commercial products in just about every sector from energy to construction. It's this diversity that means the company always has an industry to fall back on.

Yet due to market conditions, this stock is down way further than it should be. In fact, it's now oversold but is edging out of that territory. The company is strong, however, with year-on-year revenue growth of 17.31%, and earnings growth expected to increase 75% by the end of next year. That makes it a great buy at a share price of $1.70 as of writing, with a potential upside of 135% to $4 per share.

Baytex

Lastly, we have **Baytex Energy** (TSX:BTE)(NYSE:BTE), a company beaten down from the oil and gas industry slump, but that beat down has lasted the last few years. Only five years ago, the company almost reached the $50-per-share mark and is now way down at $2.03 per share.

This downward spiral came after the company made a $2.8 billion purchase in Eagle Ford, which was supposed to be a turning point. However, oil prices slumped, and Baytex just wasn't able to pay off its debts, sending the stock into a spiral. The stock today still has $2.2 billion in debt, which is basically impossible to pay with a $1.05 billion market cap.

As oil starts increasing, and Eagle Ford starts producing, revenue should start to rebound. In fact, analysts believe the stock could reach $6 per share in the next 12 months. Near its 52-week lows, the stock really doesn't have much further down to fall, and recent positive profits have given some investors optimism.

Foolish takeaway

These three stocks all have the potential for huge gains at a share price under $5, but be careful if considering a buy. I would highly recommend doing your own research before purchasing; while cheap stocks can be rewarding, they absolutely come with risk.

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