



3 TSX Penny Stocks to Buy in 2020

Description

Hi there, Fools. I'm back to highlight three stocks under \$10. While low-priced stocks carry plenty of risks, they can be a source of ideas when looking for

- small, obscure, and [underfollowed companies](#);
- dirt-cheap bargains; or
- intriguing turnaround situations.

If you have big dreams of turning an average [\\$27K TFSA](#) into \$1,000,000 in 20 years, you'll need explosive returns to do it. So, if you're looking to get your 2020 off to an explosive start, this should be a good place to start.

Let's get to it.

Grand strategy

Leading off our list is oil and gas company **Gran Tierra Energy** ([TSX:GTE](#))(NYSE:GTE), whose shares are down more than 50% over the past year and currently trade at price of about \$1.30.

Weak energy prices, production issues, and balance sheet concerns continue to weigh heavily on the stock. In the most recent quarter, Gran Tierra lost \$29 million as revenue dropped 24% to \$133 million.

On the positive side, management fully expects to generate free cash flow in 2020, suggesting that Gran Tierra's net debt levels should decrease.

"Gran Tierra has completed the key investments required to underpin expected significant future free cash flow for shareholders," said CEO Gary Guidry. "At a forecasted \$60 per bbl Brent oil price, we are projecting free cash flow of \$75 million to \$100 million during 2020, which we plan to use for net debt reduction and share buybacks."

Gran Tierra shares trade at a forward P/E of about 11.

Golden choice

Next up we have gold royalty company **Sandstorm Gold** ([TSX:SSL](#))([NYSE:SAND](#)), whose shares are up about 25% over the past year and trade at around \$8.75 per share.

The stock has slumped over the past month on overall market uncertainty, but now might be a prime opportunity to pounce. In fact, the company recently announced record revenue and gold equivalent ounces sold in 2019.

For the year, Sandstorm sold roughly 63,800 attributable gold equivalent ounces and realized preliminary revenue of \$89.4 million.

Sandstorm shares currently trade at a price-to-sales ratio of 18 and sport a comforting beta of just 0.4.

MEG-A millions

Rounding out our list is energy producer **MEG Energy** ([TSX:MEG](#)), which is up about 40% over the past year and currently trades at roughly \$7.50 per share.

Weak energy prices, disappointing production, and balance sheet fears weighed on the stock in 2018, but the worst might be behind it. In fact, management recently announced plans to cut spending in 2020 to focus on continued debt repayment.

Moreover, the company actually raised its production guidance for the year, giving Bay Street analysts plenty of comfort.

“MEG 2020 production guidance is based on MEG entering and exiting the year with productive capacity of approximately 96,000 bpd and 100,000 bpd, respectively and includes the impact of a major 25-day turnaround planned for September 2020,” wrote MEG.

MEG shares sport a forward P/E of 29.

The bottom line

There you have it, Fools: three amazing stocks under \$10 worth checking out.

As always, don't see them as formal recommendations. Instead, view them as a starting point for more research. Low-priced stocks are particularly fickle beasts, so plenty of homework is still required.

Fool on.

CATEGORY

1. Energy Stocks
2. Metals and Mining Stocks

TICKERS GLOBAL

1. NYSEMKT:GTE (Gran Tierra Energy Inc.)
2. TSX:GTE (Gran Tierra Energy Inc.)
3. TSX:SSL (Sandstorm Gold Ltd.)

PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred
4. Sharewise
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