



## 2 Market-Beating Stocks Trading for Less Than \$3

### Description

Canadians with investment appetites but limited capital have two profitable [buying opportunities](#) this year end. **InPlay Oil** (TSX:IPO) and **5N Plus** ([TSX:VNP](#)) are market-beating stocks trading for less than \$3. Market analysts covering the small-cap stocks are bullish and have buy recommendations for both.

### A dividend-growth stock in the making

Energy remains the [top-performing sector](#) as of mid-December 2022. It beats the TSX by a wide margin year to date at +46.05% versus -7.64%. InPlay Oil isn't as popular as other energy stocks, but it's up 36.16% thus far this year. Also, at only \$2.94 per share, the total return in 3.01 years is 343.01%, or a compound annual growth rate (CAGR) of 64.02%.

Market analysts' 12-month average price target for IPO is \$6.75 — a 129.6% return potential. Since the board of directors recently approved a \$0.15 monthly cash dividend, the overall return in one year could be higher. Also, management said that it's the inaugural dividend base of InPlay.

This \$256.22 million junior oil and gas exploration and production company operates in Alberta and focuses on light oil production. It boasts long-lasting, low-decline properties with high drilling development and enhanced oil recovery potential. InPlay can also pursue exploration possibilities in underdeveloped lands.

Like most energy players, InPlay has had record-setting financial and operating results this year. In the third quarter (Q3) of 2022, comprehensive net income climbed 85.2% to \$15.35 million versus Q3 2021. The average quarterly production increased 58% year over year to 9,495 barrels of oil equivalent per day (boe/d) — a new company record.

In the nine months that ended September 30, 2022, free adjusted funds flow soared 1,333.4 % to \$36.58 million compared to the same period in 2021. At the end of Q3 2022, InPlay's net debt is down 36% to \$45.6 million versus the same quarter last year.

Because management remains upbeat about future commodity prices, it expects the strong operational results to continue. InPlay commits to providing top-tier production per-share growth and a return of capital to shareholders. Moreover, the energy stock is well positioned to deliver meaningful returns to shareholders over the long term through the base dividend and share-buyback program.

## Niche: Fast-growing markets

5N Plus supplies specialty metals, alloys, and related chemicals globally. The products of this \$223.5 million company are vital components in various consumer and industrial products. At \$2.53 per share, the year-to-date gain and trailing one-year price return are 6.3% and 15.53%, respectively.

By deploying proprietary and proven technologies to meet customer demand and specifications, 5N hopes to secure long-term sourcing contracts with primary producers. It also offers value-added services like cradle-to-cradle recycling and research and development partnerships.

While the net loss in Q3 2022 widened nearly 750% to US\$7 million versus Q3 2021, revenue rose 30.6% to US\$66.37 million. Still, management said 5N has a built-in advantage and is well positioned in fast-growing markets. Double-digit growth rates should sustain in the coming years.

## Price friendly

InPlay Oil and 5N Plus are exciting, price-friendly stocks that can deliver massive gains in the near term. The former is an upcoming dividend-growth stock with strong upside potential. Meanwhile, the latter is scratching the surface but should eventually realize its full potential by growing its captured markets.

### CATEGORY

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