



3 Risky Stocks That Could See Huge Rewards

Description

It's the adage we both love and hate: high risk means high reward.

It doesn't have to be the only option, but it can be a sweet one when it pays off. And while there aren't too many stocks out there that could turn your coal into diamonds, they do exist. After all, even **Amazon** had to start somewhere.

There are three stocks today I'd like to draw your attention to that have the potential to exceed expectations: **Yamana Gold** ([TSX:YRI](#))([NYSE:AUY](#)), **Bombardier** ([TSX:BBD.B](#)), and **WestJet Airlines** ([TSX:WJA](#)). While all of these stocks have had a heck of a time getting back to the glory days, a new golden age could be just around the corner.

Yamana Gold

This gold producer used to be huge way, way back in 1997, when the stock reached \$150 per share. That makes today incredibly painful with the stock at \$2.75 at the time of writing.

But the company has been making some moves that should be getting investors excited. Most recently, it sold its Chapada mine and acquired Canadian Malartic mine with **Agnico-Eagle Mines**. Malartic produces 300,000 attributable ounces per year, making it the company's largest mine by gold ounces.

Then there's the Cerro Moro mine, which is chockfull of potential to produce about 130,000 ounces of gold and six million ounces of silver annually. It's here that Yamana's seriously hoping to deliver, as past projects have proven less than successful.

And management must believe it can, as on Apr. 15 it announced it would be purchasing 5% of outstanding common shares, which equals 47,513,266 common shares over a period of 12 months. This came after a solid first quarter with 235,958 ounces of gold produced, 3.02 million of silver, and

28.1 million pounds of copper.

Bombardier

This stock has had a [crazy two decades](#), with some challenges still in its future. This stock was once at \$26 per share before reaching \$0.08 and climbing to where it is at the time of writing at \$2.20.

The company's biggest failure has to be the CSeries, which was saved first by government funds and ultimately by Airbus. Bombardier now hopes this, along with its Global 7500 ramp up and its focus into the Bombardier Aviation business jet market, will lead to lower working capital demands and higher cash flow.

It seems we're still a ways away from any kind of profit, as the company recently reported revenue of \$3.52 billion, missing analyst expectations and coming way down from the same quarter last year. And, of course, cash flow usage was up as deliveries for the Global 7500 started, reaching \$1 billion in the first quarter.

While this news wasn't amazing, it wasn't awful, and clearly Bombardier is on the right track to put forth some increases in the next few years.

WestJet

WestJet had a strong run as Canada's low-cost carrier, with 2015 producing its highest stock price at about \$33 per share. Since then, it's dropped to almost half that at \$18.70 at the time of writing.

Now, the company realizes that maybe low-cost focus wasn't the way to go and is trying to break into the affluent traveler market. It's also adding more transatlantic and transpacific routes, adding widebody jets and purchasing a number of planes for [fleet expansion](#). The company believes this investment will create up to \$500 million in revenue growth. Most recently, its Dreamliner for long-haul business cabin seats between Calgary and London was officially launched.

Of course, the low-cost arm won't go away. It's just relabeled as Swoop and is designed to combat the ultra-low-cost carriers now appearing in the marketplace. But union contracts have put a damper on the company moving forward by much.

Bottom line

Analysts expect growth from all of these companies over the next 12 months alone, even if only by a little.

Yamana is expected to grow between \$3 and \$8 per share. Bombardier is expected to grow between \$2 and \$5 per share. And WestJet is expected to grow between \$17.50 and \$25 per share.

If you're willing to put down a lot of cash, this risk could give you a huge reward. Let's say you put \$10,000 on each and they reached those numbers; in 12 months' time you could have \$29,090,

\$22,727, and \$13,368, respectively, for a grand total of \$65,185 from a \$30,000 investment.

CATEGORY

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1. NYSE:AUY (Yamana Gold)
2. TSX:BBD.B (Bombardier)
3. TSX:YRI (Yamana Gold)

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