

IV. On 11th November, 1863, Sir Edmund Head acknowledged the receipt of Sir Frederic Rogers' communication, and proceeded to explain the views of the company in the following terms :—

"With regard to the extent of the proposed colony of which the seat of government would be Red River (or Fort Garry), the committee presume that His Grace would wish it to include the whole country from the frontier of the United States to the north branch of the Saskatchewan, and to extend eastward towards Lake Superior as far as the frontier of Canada, wherever the precise line of that frontier may be found. Perhaps the most convenient limit for the northern boundary would be either the Saskatchewan itself, or a line running from the Rocky Mountains eastward through Edmonton house and Fort Cumberland, and, from the latter, following the Saskatchewan down to Lake Winnipeg. Nothing would be gained by going further to the northward, nor by including the eastern side of Lake Winnipeg, but from the mouth of the Winnipeg River where it enters the Lake the line of demarcation might be run eastward until it cut the Canadian Frontier somewhere north of Lake Superior or Lake Huron."

After hinting at the purchase by Government of the whole Territorial claims of the Company for a sum of money, payable down or by instalments,—but which he admits is probably an impracticable solution,—Sir Edmund Head goes on to propose as the condition of the Company's consent to the erection of a Crown Colony that "the Company should retain the ownership in fee simple of one half of the lands in the Colony and the other half should be conveyed by the Company to the Crown." And, this compromise he explains the Company suggests only subject to the following stipulations :—

"1st. The Hudson's Bay Company should have the sole right to erect and should bind themselves to complete within five years an Electric Telegraph, to connect British Columbia and Canada. The line for this Telegraph should be approved by the Secretary of State and it should be maintained by the Company who would, of course, engage to convey the messages of the Imperial and Colonial Governments at a fixed and moderate rate.

"It would be necessary as a condition precedent to the erection of the Telegraph.—

"(a) That the Governments of British Columbia and Canada should pledge their faith respectively to the Secretary of State to pay the yearly sum set forth in the enclosures to the despatch of July 31, 1862, with all the advantages as to lands to be granted by Her Majesty's Government and other terms therein specified.

"(b) That a road should be laid out along the line of Telegraph but the soil on which the Telegraph stands and the space (say) one mile in width on one side of its course should belong to the Hudson's Bay Company, to be reckoned as part of the half of the land which they would retain. The other side of the road might be included in the half belonging to the Crown

"(c) That the Company in constructing the Telegraph should be entitled to use wood or other materials taken from ungranted land.

2nd. The Crown shall resume the grant of mines and diggings of gold and silver throughout the Colony on condition of paying to the Hudson's Bay Company one third of the receipts of all dues, royalties, rents, &c., from such mines or diggings, whether raised by way of export duty or otherwise, but the Company should not be liable for expenses of collection or escort.

3rd. The buildings required for military or Government purposes at Fort Garry or Red River should be valued and purchased of the Company.

"4th. The Company should retain as a portion of their half of the lands, all lots already laid out and surveyed as well as five thousand acres round each of their forts or posts."

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