

information, which will be valuable to me in the administration of Public Affairs ; and I used the opportunity for acquainting myself with the circumstances of the settlements, and the character of the country on a considerable part of the West Coast.

The Report of Mr. Murray, the Geological Surveyor, engaged in exploration of portions of the Interior, encourages enterprise in mining, and the success attending some undertakings already commenced affords ground for reasonable expectation that exports of ores will, before long, form a prominent feature in our trade. You are aware that there is reason to believe that considerable Mineral wealth exists in districts of the Island within the limits commonly known as the French Shore : and many applications have recently been made respecting Grants of Land in these localities, which, in obedience to instructions from Her Majesty's Government, I have hitherto been obliged to decline to issue. I shall lay before you a recent Despatch from the Secretary of State relating to this subject, in which he expresses his regret at the inconvenience which results from the unsettled state of the questions respecting British and French rights on the coast, but states that, pending their settlement, he has no alternative but to instruct me, for the present, not to make any grants of Land on that coast. At the same time, Lord Carnarvon expresses the readiness of Her Majesty's Government to re-open the negotiations with the French Government which were broken off in 1860, if only satisfied that there were a reasonable prospect of bringing them to a successful termination. The negotiations referred to were founded on the Report of the Commissioners appointed in 1859, and it was explained in a Despatch from the late Duke of Newcastle, which shall be furnished to you, that the Convention which was then proposed had not " for its object in any way to enlarge the Territorial or Maritime rights of France, or to abridge those of Newfoundland, but primarily, and almost exclusively, to provide a machinery capable of securing that the just rights of each party, under the existing Treaties, shall be respected by the other." His Grace further stated that the comparatively unimportant clauses of the proposed Convention which had not this object, contained provisions which would confer material advantages on some of the inhabitants of Newfoundland ; and that he did not anticipate that they would be considered by the community of Newfoundland, any more than by Her Majesty's Government, either as injurious to their interests, or as involving such modifications of their rights as was contemplated by Mr. Labouchere's Despatch, No. 10, of 26th March, 1857.

I recommend you, therefore, to request Her Majesty's Government to resume these negotiations, of which the settlement would probably remove all obstructions to the effective developement of the territorial resources of the Colony. It would be easy to specify such rights as the Colony is not prepared to relinquish, and, these being excluded from the negotiation, to leave Her Majesty's Government at liberty to complete the proposed agreement.