Territories, and the establishment of local Government in its settled portions; but that in its opinion the first step towards that end was the extinction of all claim by the Hudson's Bay Company to proprietary rights in the soil or exclusive rights of trade. It suggested that it was for the Imperial Government, and not for the Government of Canada to assume the duty of bringing to an end a monopoly originating in an English Charter, and exercised so long under Imperial sanction; but that when the negotiations were brought to a close, the Government of Canada would be ready to arrange with the Imperial Government for the annexation to Canada of such portions of the Territory as might be available for settlement, as well as for the opening up of communications into the Territory and providing means of local administration. Or should the Imperial Government prefer to erect the Territory into a Crown Colony, the Canadian Government would gladly co-operate in the opening up of communication into the Territory, and the settlement of the Country. The minute finally suggested that the undersigned while in England would communicate more fully to Mr. Cardwell the views of the Canadian Government.

While in London I had the honour of several interviews with Mr. Cardwell, at which the whole question was fully discussed; and I gratefully acknowledge the courtesy and attention extended to me by that gentleman.

I found that negotiations for the cession to the Crown of the territorial claims of the Hudson's Bay Company had been proceeding for a year past between the Colonial Minister and the Company; and it may not be without advantage that I should state here briefly the point to which these negotiations had been brought.

I. In July, 1863, the whole interests of the Hudson's Bay Company were transferred to Mr. Edward W. Watkin and certain gentlemen acting with him; and Sir Edmund Head was elected Governor of the Company. The capital stock of the old company was £500,000 sterling, but at the time of the sale and for some time previous each £100 share was worth £200 on the London Stock Exchange. The market value of the Company's interests was therefore £1,000,000 sterling. The new Company agreed to to pay £1,500,000, and did pay that sum for the transference to them of all the interests of the old company.

II. On the 28th of August, 1863, Sir Edmund Head, as Governor of the new Hudson's Bay Company, communicated to his Grace the Duke of Newcastle, a resolution expressive of the conviction that the time had arrived for introducing into the North-West Territories the direct authority of the Crown.

III. On the 9th of October, 1863, Sir Frederick Rogers, by instruction of the Duke of Newcastle, informed the company that his Grace was ready to consider any proposals submitted to him by the Hudson's Bay Company with reference to the introduction of the direct authority of Her Majesty's Government in Rupert's Land.