

specimens of gold ore, which they said were found on the island, lately sent a small expedition thither, under the command of Mr. M'Neill, a chief trader in the Company's service, to make the necessary investigations respecting this discovery, and to establish a trading post.

I have the honour to enclose herewith, for the information of Her Majesty's Government, Mr. M'Neill's report of his proceedings, and shall feel obliged if you will grant me an interview, with the view of considering what steps should be taken for obtaining the gold, and particularly for preventing citizens of the United States from trespassing on Her Majesty's possessions, and infringing the rights of the Hudson's Bay Company.

I have, &c.
(signed) *J. H. Pelly.*

Encl. in No. 8.

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Sir,

Fort Simpson, 20 November 1851.

AFTER leaving Victoria, I proceeded with the "Una" to fulfil your instructions of 4th October 1851. We had a fine run to Queen Charlotte's Island of four days, after which, a gale of wind came on, which detained us off the place Cape Henry eight days, consequently we did not anchor in Mitchell's Harbour until the 20th October.

On the second day after our arrival, we commenced blasting the rock at the old place. We commenced in a vein of quartz, and were very successful; the rock proved to be rich with gold, as you will see by the specimens now forwarded per Doctor Kennedy. We followed the vein, and found it deeply impregnated with gold. The vein seems to take the direction up the mountain. In fact, our men went half way to the top, say 300 feet above the water, and found quartz rock, a specimen of which I now send you. In my opinion gold will be found in many places hereafter on the west side of the island, as quartz rock is to be found in every direction. We found it in four different places in Mitchell's Harbour, but had no time to examine it. I am sorry to inform you that we were obliged to leave off blasting, and quit the place for Fort Simpson, on account of the annoyance we experienced from the natives. They arrived in large numbers, say 30 canoes, and were much pleased to see us on our first arrival. When they saw us blasting and turning out the gold in such large quantities, they became excited, and commenced depredations on us, stealing the tools, and taking, at least, one-half of the gold that was thrown out by a blast; they would be concealed until the report was heard, and then make a rush for the gold; a regular scramble between them and our men would take place; they would take our men by the legs, and hold them away from the gold: some blows were struck on those occasions; the Indians drew their knives on our men often. The men who were at work at the vein became completely tired, and disgusted at their proceedings, and came to me on three different occasions, and told me that they would not remain any longer to work the gold; that their time was lost to them, as the natives took one-half of the gold thrown out by the blast, and blood would be shed if they continued to work at the diggings; that our force was not strong or large enough to work and fight also. They were aware they could not work on shore after hostility had commenced; therefore I made up my mind to leave the place, and proceed to this place.

The natives were very jealous of us when they saw that we could obtain gold by blasting; they had no idea that so much could be found below the surface; they said that it was not good that we should take all the gold away; if we did so, that they would not have anything to trade with other vessels, should any arrive: in fact, they told us to be off. The chiefs have no power over the lower order, and, of course, cannot prevent them from plundering or committing any act of violence on strangers. I will refer you to M'Gregor for information regarding the vein, &c., at the diggings, as he seems to have a good idea of the rock, and how the work should be carried on; he has behaved well, and was very zealous at his work.

The men said they should go again in the spring, if an expedition, properly fitted, should start for working the gold on Queen Charlotte's Island.

In my opinion, should another expedition go to Queen Charlotte's Island, a force of, at least, 80 men would be required, with two officers to attend the land party; the ship also should have three officers, besides the captain, which I can prove by experience during our late visit to the gold district. The ship's crew, as well as the land party, should go on shares of the gold that may be collected, as it would prevent any one from trading gold. We had considerable trouble, during our stay at the island, to prevent the people from trading the ore. The natives brought a quantity of gold to me, which I traded, and now forward it, together with that which we obtained by blasting ourselves.

Very little, if any, gold will be obtained on Queen Charlotte's Island, except by blasting. It appears to me that some of the gold I traded was obtained on some other place than that which we were at.

They, however, said that they had discovered gold in no other place than in Mitchell's Harbour: this report I much doubt, as the lumps are solid, and different from any other that we found at the place we were at work on.

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