

This was the position of the negotiation when the undersigned reached London, early in December 1864, and when Mr. Cardwell placed in his hands the papers of which a summary has been given.

Mr. Cardwell, in explaining verbally the state of the negotiations, added that in case the Hudson's Bay Company's offer of 13th April 1864, was accepted by the Government of Canada, as containing in principle a basis on which negotiations might be continued with the hope of a satisfactory solution, he was of opinion that considerable modifications of the terms might be obtained.

That there might be no misunderstanding as to the offer of the Company, I requested that a map might be obtained from Sir Edmund Head so coloured as to show clearly the Territory now claimed by the Hudson's Bay Company as their property; and also a second map so coloured as to what portion of the land claimed to be theirs, they now proposed to surrender to the Crown. Two maps coloured in this manner were accordingly obtained from the Company and are appended to this Report.

Accompanying these maps was a letter from Sir Edmund Head, dated the 7th December, 1864, which without abating his proposal of 13th April, offered as an alternative:—

1. That the Company be paid £1,000,000 sterling.
2. That the Government of British North America acknowledge the Company's right to trade without exclusive privileges of any kind within the territory.
3. That the Company should hold in fee simple all their posts now occupied, with a reasonable area round each post. All previous sales and bargains made by them at Red River shall be confirmed.
4. That the Government of British North America shall impose no exceptional taxes on the Company, its property, or its servants.
5. That the disputed matter of the Company's lands in Canada be settled by issuing grants on the footing formerly agreed upon between Mr. Vankoughnet and Mr. Hopkins.
6. That the Company shall be bound to hand over to the Government of British North America all the materials for the construction of the telegraph on the payment of the cost price and expenses already incurred.

In discussing with Mr. Caldwell these demands of the Hudson's Bay Company, I pointed out what appeared to me the utterly untenable character of their pretensions. I endeavoured to show that they were seeking to sell to Her Majesty's Government, for an enormous sum, territory to which they had no title under their Charter; and I contended that if the solution of the question was to be sought in the purchase of a portion of the Company's territorial claims, the first step was clearly to ascertain what validity there was in those claims—what land the Company really had to sell.