

2. I am, however, now to inform you, that his Grace must decline to grant the lease applied for.

3. I am to state, in the first instance, that although his Grace by no means regards priority of discovery in such a case as entitling to a grant of this description, nor, on the other hand, would be disposed to refuse it on the mere ground that such priority was not established, yet as it is advanced as a claim in the present case, he must observe, that it appears from the accounts before him, that the inlet specified on the part of Mr. Easterby was visited by one or more vessels of the Hudson's Bay Company in the summer of 1851. It appears also that a quartz rock containing gold, which, as far as the general description given by Mr. Rooney enables it to be identified, must be the same as that observed by that gentleman, was discovered in one of those visits in August that year.

4. But I am to add, that since your application, intelligence has been received of the issuing, by the Governor of Vancouver's Island, of a proclamation, authorising the search for gold in Queen Charlotte's Island, on terms similar to those in use in the Australian colonies.

This proclamation Her Majesty's Government has sanctioned, considering that, on the whole, this system is likely to be, for the present, the most expedient, if the discovery should turn out more valuable, and the danger to be apprehended from the natives less serious than recent accounts would lead them to suppose; and they do not consider that it could operate conveniently together with that of leases of the gold producing land.

I have, &c.
(signed) Frederick Peel.

— No. 4. —

MEMORANDUM of Proceedings of the Hudson's Bay Company with respect to the Searching for Gold in *Queen Charlotte's Island*.

No. 4.
Memorandum.

On the 17th August 1850, Mr. Douglas writes that Mr. Chief Factor Work had reported to him, that the natives of Queen Charlotte's Island had discovered gold on the west side of the island, near Englefield Bay and Cape Henry, and that an Indian had brought a specimen to Fort Simpson. Mr. Work dispatched Pierre Legarré and a party of Indians to the place in question, with instructions to examine the gold district.

On the 24th February 1851, Mr. Douglas writes that Mr. Work reported that Pierre Legarré had returned without having succeeded in reaching the gold district, owing to the jealousy of two influential chiefs, who prevented him. He discovered that there is a clear passage from Skiddigat on the east to Englefield Bay, on the west coast of the island.

Mr. Work had been unable to visit Queen Charlotte's Island on account of the stormy weather, but had received from Indians two pieces of gold, nearly pure, weighing $4\frac{1}{2}$ and $1\frac{1}{2}$ ozs., and a piece of auriferous quartz, and he proposed to send the steamer "Beaver" to the gold district about the end of April, when the weather is expected to moderate.

On the 6th August, Mr. Work reports as follows:—

"Dear sir,

"Fort Simpson, 6 August 1851.

"Deeming it of the utmost importance that all the information that could be collected relative to the gold mines in Queen Charlotte's Island should be communicated to the Honourable Board of Directors as soon as possible, and the return of the "Una" being the only conveyance to Victoria before the steamer goes down in the Fall, I determined risking a voyage in a canoe, and accordingly started on the 13th May, with a crew of six men, all that could be well spared from the fort, four Haidai half-breed lads and two Indians; arrived safe at the island, crossed then by Skiddigat Passage, Cartwright Sound; proceeded along the west shore to Englefield Bay, at the south end of which the mine is situated; remained two days examining the place, and made four blasts in the rocks, and returned here on the 29th, after an absence of 17 days. We narrowly

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escaped